



CNMC

CNMC GOLDMINE HOLDINGS LIMITED

中色金礦有限公司

(Company Registration No.: 201119104K)

## Unaudited Financial Statement and Dividend Announcement For the Second Quarter Ended 30 June 2019

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	Group					
	Three Months Ended			Six Months Ended		
	30 June 2019 US\$ (Unaudited)	30 June 2018 US\$ (Unaudited)	Increase/ (Decrease) %	30 June 2019 US\$ (Unaudited)	30 June 2018 US\$ (Unaudited)	Increase/ (Decrease) %
<b>Revenue</b>	10,006,484	9,315,830	7.4	20,382,931	15,411,091	32.3
Other operating income	240,476	98,649	143.8	92,150	427,018	(78.4)
Changes in inventories	130,855	420,934	(68.9)	174,588	728,217	(76.0)
Amortisation and depreciation	(1,201,115)	(1,424,009)	(15.7)	(2,404,345)	(2,580,416)	(6.8)
Employee benefits expenses	(1,081,836)	(1,129,138)	(4.2)	(2,216,462)	(2,115,519)	4.8
Key management remuneration	(786,619)	(713,084)	10.3	(1,584,930)	(1,204,862)	31.5
Marketing and publicity expenses	(64,056)	(193,917)	(67.0)	(113,366)	(346,659)	(67.3)
Office and administration expenses	(100,042)	(100,640)	(0.6)	(183,792)	(144,517)	27.2
Professional fees	(190,765)	(263,739)	(27.7)	(366,627)	(474,070)	(22.7)
Rental and other lease expenses	(420,089)	(431,028)	(2.5)	(988,013)	(828,249)	19.3
Royalty and tribute fee expenses	(1,272,177)	(1,222,752)	4.0	(2,593,999)	(2,076,127)	24.9
Site and factory expenses	(2,982,912)	(3,184,824)	(6.3)	(5,992,002)	(5,576,686)	7.4
Travelling and transportation expenses	(79,434)	(93,940)	(15.4)	(159,051)	(177,902)	(10.6)
Listing expenses	-	(814,404)	n.m.	-	(994,770)	n.m.
Other operating expenses	(455,855)	(651,132)	(30.0)	(6,922)	(5,383)	28.6
<b>Total expenses</b>	<b>(8,263,569)</b>	<b>(9,703,024)</b>	<b>(14.8)</b>	<b>(16,342,771)</b>	<b>(15,369,925)</b>	<b>6.3</b>
<b>Results from operating activities</b>	<b>1,742,915</b>	<b>(387,194)</b>	<b>n.m.</b>	<b>4,040,160</b>	<b>41,166</b>	<b>n.m.</b>
Finance income	145,445	142,833	1.8	290,829	289,859	0.3
Finance costs	(22,528)	(17,551)	28.4	(44,472)	(49,922)	(10.9)
<b>Net finance income</b>	<b>122,917</b>	<b>125,282</b>	<b>(1.9)</b>	<b>246,357</b>	<b>239,937</b>	<b>2.7</b>
<b>Profit/(Loss) before tax</b>	<b>1,865,832</b>	<b>(261,912)</b>	<b>n.m.</b>	<b>4,286,517</b>	<b>281,103</b>	<b>n.m.</b>
Tax (expenses)/credit	(761,794)	79,582	n.m.	(1,425,181)	149,898	n.m.
<b>Profit/(Loss) for the period</b>	<b>1,104,038</b>	<b>(182,330)</b>	<b>n.m.</b>	<b>2,861,336</b>	<b>431,001</b>	<b>563.9</b>
<b>Other comprehensive income</b>						
Items that may be reclassified subsequently to profit or loss						
Exchange differences arising from consolidation of foreign subsidiaries	1,233	840	46.8	1,712	15,609	(89.0)
<b>Total comprehensive profit/(loss) for the period</b>	<b>1,105,271</b>	<b>(181,490)</b>	<b>n.m.</b>	<b>2,863,048</b>	<b>446,610</b>	<b>541.1</b>
<b>Profit/(Loss) attributable to:</b>						
Owners of the Company	831,596	(336,938)	n.m.	2,212,832	191,407	n.m.
Non-controlling interests	272,442	154,608	76.2	648,504	239,594	170.7
<b>Profit/(Loss) for the period</b>	<b>1,104,038</b>	<b>(182,330)</b>	<b>n.m.</b>	<b>2,861,336</b>	<b>431,001</b>	<b>563.9</b>
<b>Total comprehensive income/(loss) attributable to:</b>						
Owners of the Company	836,347	(333,895)	n.m.	2,212,698	196,406	n.m.
Non-controlling interests	268,924	152,405	76.5	650,350	250,204	159.9
<b>Total comprehensive income/(loss) for the period</b>	<b>1,105,271</b>	<b>(181,490)</b>	<b>n.m.</b>	<b>2,863,048</b>	<b>446,610</b>	<b>541.1</b>

## 1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

	Group					
	Three Months Ended			Six Months Ended		
	30 June 2019 US\$ (Unaudited)	30 June 2018 US\$ (Unaudited)	Increase/ (Decrease) %	30 June 2019 US\$ (Unaudited)	30 June 2018 US\$ (Unaudited)	Increase/ (Decrease) %
<b>Profit/(loss) for the period is stated after charging/(crediting) the following:</b>						
Finance costs	22,528	17,551	28.4	44,472	49,922	(10.9)
Amortisation and depreciation	1,201,115	1,424,009	(15.7)	2,404,345	2,580,416	(6.8)
Gain on disposal of property, plant and equipment	-	(57,845)	n.m.	-	(135,026)	n.m.
Loss/(Gain) on foreign exchange						
- Unrealised	219,563	697,041	(68.5)	(57,218)	(207,384)	(72.4)
- Realised	5,456	(49,116)	n.m.	2,031	(4,944)	n.m.

n.m. -- not meaningful

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

	Group		Company	
	30 June 2019 US\$ (Unaudited)	31 December 2018 US\$ (Audited)	30 June 2019 US\$ (Unaudited)	31 December 2018 US\$ (Audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Exploration and evaluation assets	8,098,385	9,843,698	-	-
Mine properties	16,198,801	14,071,703	-	-
Property, plant and equipment	14,914,390	13,030,161	107,572	135,748
Right-of-Use Assets (Note 1)	181,937	-	152,203	-
Investment in subsidiaries (Note 2)	-	-	11,450,263	11,450,251
<b>Total non-current assets</b>	<b>39,393,513</b>	<b>36,945,562</b>	<b>11,710,038</b>	<b>11,585,999</b>
<b>Current assets</b>				
Inventories	2,256,515	2,008,247	-	-
Trade and other receivables	4,940,714	2,972,381	9,720,521	11,428,791
Cash and cash equivalents	14,773,417	17,910,184	135,217	167,479
<b>Total current assets</b>	<b>21,970,646</b>	<b>22,890,812</b>	<b>9,855,738</b>	<b>11,596,270</b>
<b>Total assets</b>	<b>61,364,159</b>	<b>59,836,374</b>	<b>21,565,776</b>	<b>23,182,269</b>
<b>EQUITY</b>				
Share Capital	18,032,233	18,032,233	18,032,233	18,032,233
Preference shares	2,800	2,800	-	-
Capital Reserve	3,111,892	3,111,892	(13,860)	(13,860)
Retained earnings/(Accumulated losses)	22,056,324	20,442,393	(3,178,944)	(1,983,437)
Translation reserves	36,261	36,395	-	-
	43,239,510	41,625,713	14,839,429	16,034,936
Non-controlling interest	7,757,249	7,106,887	-	-
<b>Total equity</b>	<b>50,996,759</b>	<b>48,732,600</b>	<b>14,839,429</b>	<b>16,034,936</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	741,372	722,937	-	-
Derivative financial instrument	27,357	27,222	-	-
Deferred tax liabilities	99,579	202,089	-	-
Lease liabilities (Note 1)	65,929	-	52,172	-
<b>Total non-current liabilities</b>	<b>934,237</b>	<b>952,248</b>	<b>52,172</b>	<b>-</b>
<b>Current liabilities</b>				
Loans and borrowings	53,815	61,135	-	-
Trade and other payables	6,328,927	7,189,033	6,571,278	7,147,333
Accrued rehabilitation costs	1,199,137	1,009,174	-	-
Dividend payable	-	1,052,957	-	-
Current tax liabilities	1,732,207	839,227	-	-
Lease liabilities (Note 1)	119,077	-	102,897	-
<b>Total current liabilities</b>	<b>9,433,163</b>	<b>10,151,526</b>	<b>6,674,175</b>	<b>7,147,333</b>
<b>Total liabilities</b>	<b>10,367,400</b>	<b>11,103,774</b>	<b>6,726,347</b>	<b>7,147,333</b>
<b>Total equity and liabilities</b>	<b>61,364,159</b>	<b>59,836,374</b>	<b>21,565,776</b>	<b>23,182,269</b>

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## Note 1

With effect from 1 January 2019, the Group recognises certain of its leases that were previously classified as operating leases as Right-of-Use (“ROU”) Assets and lease liabilities on the adoption of SFRS(I) 16 *Leases*. Lease arrangements that fall outside the scope of SFRS(I) 16 are generally recognised in the statement of profit or loss. Please refer to section 5 for further details.

## Note 2

On 28 June 2019, the Company announced that it has subscribed for 51 ordinary shares for a total cash consideration of MYR51 in a new Malaysian incorporated company, namely CNMC Mining Sdn. Bhd. (“CNMC Mining”) with the principal activity of providing underground mining services. Pursuant to the Investment, CNMC Mining became a 51%-owned subsidiary of the Company. The other 49% of the issued share capital of CNMC Mining is held by an individual who is an existing underground mining sub-contractor of the Group.

### **1(b)(ii) Aggregate amount of group’s borrowings and debt securities**

#### **Amount repayable in one year or less, or on demand**

<b>As at 30 June 2019</b>		<b>As at 31 December 2018</b>	
<b>Secured US\$</b>	<b>Unsecured US\$</b>	<b>Secured US\$</b>	<b>Unsecured US\$</b>
53,815	119,077	61,135	-

#### **Amount repayable after one year**

<b>As at 30 June 2019</b>		<b>As at 31 December 2018</b>	
<b>Secured US\$</b>	<b>Unsecured US\$</b>	<b>Secured US\$</b>	<b>Unsecured US\$</b>
142,787	664,514	127,319	595,618

#### **Details of any collateral**

The Group’s secured borrowings as at 30 June 2019 comprised hire purchase liabilities, which are secured over the Group’s motor vehicles. The net carrying amounts of the motor vehicles as at 30 June 2019 amounted to US\$210,281 (31 December 2018: US\$196,707).

The Group’s unsecured borrowings as at 30 June 2019 comprised a convertible loan issued by a subsidiary and lease liabilities recognised on adoption of SFRS(I) 16.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group			
	Three Months ended		Six Months ended	
	30 June 2019 US\$ (Unaudited)	30 June 2018 US\$ (Unaudited)	30 June 2019 US\$ (Unaudited)	30 June 2018 US\$ (Unaudited)
<b>Operating activities</b>				
Profit/(loss) for the period	1,104,038	(182,330)	2,861,336	431,001
Adjustments for:				
Depreciation of property, plant and equipment	778,382	783,711	1,579,874	1,527,138
Depreciation of right-of-use assets	29,771	-	59,551	-
Amortisation of mine properties	392,962	640,298	764,920	1,053,278
Gain on disposal of property, plant and equipment	-	(57,845)	-	(135,026)
Finance income	(145,445)	(142,833)	(290,829)	(289,859)
Finance costs	22,528	17,551	44,472	49,922
Unrealised loss/(gain) on foreign exchange	219,563	697,041	(57,218)	(207,384)
Tax expense/(credit)	761,794	(79,582)	1,425,181	(149,898)
Equity-settled share-based payment transactions	-	473,908	-	473,908
<b>Operating profit before working capital changes</b>	<b>3,163,593</b>	<b>2,149,919</b>	<b>6,387,287</b>	<b>2,753,080</b>
Changes in working capital:				
Inventories	(357,487)	(632,125)	(248,268)	(1,215,491)
Trade and other receivables	(1,097,696)	(3,002,143)	(1,943,891)	(3,879,075)
Trade and other payables	(330,503)	76,389	(2,103,451)	(41,890)
Cash generated from operations	1,377,907	(1,407,960)	2,091,677	(2,383,376)
Tax paid	(193,000)	(33,903)	(480,640)	(68,372)
Finance income received	145,445	142,833	290,829	289,859
Finance costs paid	(22,528)	(17,551)	(44,472)	(49,922)
<b>Net cash generated from/(used in) operating activities</b>	<b>1,307,824</b>	<b>(1,316,581)</b>	<b>1,857,394</b>	<b>(2,211,811)</b>
<b>Investing Activities</b>				
Purchases of property, plant and equipment	(1,571,128)	(1,184,220)	(3,065,981)	(2,093,189)
Proceed from disposal of property, plant and equipment	-	57,845	-	135,026
Payment for exploration and evaluation assets, and mine properties	(124,575)	(244,209)	(275,929)	(556,070)
<b>Net cash used in investing activities</b>	<b>(1,695,703)</b>	<b>(1,370,584)</b>	<b>(3,341,910)</b>	<b>(2,514,233)</b>
<b>Financing activities</b>				
Dividend paid to equity holders of the Company	(598,901)	(617,974)	(598,901)	(617,974)
Dividend paid to non-controlling interests	-	-	(1,012,188)	(374,680)
Payment of finance lease liabilities	(19,003)	(11,495)	(40,920)	(22,760)
Payment of lease liabilities	(29,378)	-	(58,740)	-
Share buyback	-	(360,535)	-	(360,535)
<b>Net cash used in financing activities</b>	<b>(647,282)</b>	<b>(990,004)</b>	<b>(1,710,749)</b>	<b>(1,375,949)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,035,161)</b>	<b>(3,677,169)</b>	<b>(3,195,265)</b>	<b>(6,101,993)</b>
Cash and cash equivalents at beginning of the period	16,017,132	17,941,718	17,910,184	19,491,957
Effect of exchange rate fluctuations on cash held	(208,554)	(630,220)	58,498	244,365
<b>Cash and cash equivalents in the statement of financial position</b>	<b>14,773,417</b>	<b>13,634,329</b>	<b>14,773,417</b>	<b>13,634,329</b>

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

Group (Unaudited)	Share Capital US\$	Treasury shares US\$	Preference shares US\$	Capital reserve US\$	Translation reserves US\$	Retained earnings US\$	Total attributable to equity holders of the Company US\$	Non- controlling interests US\$	Total equity US\$
Balance as at 1 January 2018	18,032,233	(200,845)	2,800	3,125,752	(21,508)	19,504,023	40,442,455	6,754,793	47,197,248
<b>Total comprehensive income for the period:</b>									
Profit for the period	-	-	-	-	-	528,345	528,345	84,986	613,331
<b>Other comprehensive income for the period</b>									
Exchange difference	-	-	-	-	1,956	-	1,956	12,813	14,769
<b>Total comprehensive income for the period</b>	-	-	-	-	1,956	528,345	530,301	97,799	628,100
Balance as at 31 March 2018	<b>18,032,233</b>	<b>(200,845)</b>	<b>2,800</b>	<b>3,125,752</b>	<b>(19,552)</b>	<b>20,032,368</b>	<b>40,972,756</b>	<b>6,852,592</b>	<b>47,825,348</b>
<b>Total comprehensive income for the period:</b>									
(Loss)/Profit for the period	-	-	-	-	-	(336,938)	(336,938)	154,608	(182,330)
<b>Other comprehensive income for the period</b>									
Exchange difference	-	-	-	-	3,043	-	3,043	(2,203)	840
<b>Total comprehensive income for the period</b>	-	-	-	-	3,043	(336,938)	(333,895)	152,405	(181,490)
<b>Transactions with owners, recognized directly in equity</b>									
2017 Final dividend declared and paid	-	-	-	-	-	(617,974)	(617,974)	-	(617,974)
Share buyback	-	(360,535)	-	-	-	-	(360,535)	-	(360,535)
Treasury shares reissued pursuant to performance share plan	-	487,134	-	(13,226)	-	-	473,908	-	473,908
<b>Total transaction with owners</b>	-	126,599	-	(13,226)	-	(617,974)	(504,601)	-	(504,601)
Balance as at 30 June 2018	<b>18,032,233</b>	<b>(74,246)</b>	<b>2,800</b>	<b>3,112,526</b>	<b>(16,509)</b>	<b>19,077,456</b>	<b>40,134,260</b>	<b>7,004,997</b>	<b>47,139,257</b>

Group (Unaudited)	Share Capital US\$	Treasury shares US\$	Preference shares US\$	Capital reserve US\$	Translation reserves US\$	Retained earnings US\$	Total attributable to equity holders of the Company US\$	Non- controlling interests US\$	Total equity US\$
<b>Balance as at 1 January 2019</b>	18,032,233	-	2,800	3,111,892	36,395	20,442,393	41,625,713	7,106,887	48,732,600
<b><u>Total comprehensive income for the period:</u></b>									
Profit for the period	-	-	-	-	-	1,381,236	1,381,236	376,062	1,757,298
<b>Other comprehensive income for the period</b>									
Exchange difference	-	-	-	-	(4,885)	-	(4,885)	5,364	479
<b>Total comprehensive income for the period</b>	-	-	-	-	(4,885)	1,381,236	1,376,351	381,426	1,757,777
<b>Balance as at 31 March 2019</b>	<b>18,032,233</b>	-	<b>2,800</b>	<b>3,111,892</b>	<b>31,510</b>	<b>21,823,629</b>	<b>43,002,064</b>	<b>7,488,313</b>	<b>50,490,377</b>
<b><u>Total comprehensive income for the period:</u></b>									
Profit for the period	-	-	-	-	-	831,596	831,596	272,442	1,104,038
<b>Other comprehensive income for the period</b>									
Exchange difference	-	-	-	-	4,751	-	4,751	(3,518)	1,233
<b>Total comprehensive income for the period</b>	-	-	-	-	4,751	831,596	836,347	268,924	1,105,271
<b><u>Transactions with owners, recognized directly in equity</u></b>									
2018 Final dividend declared and paid	-	-	-	-	-	(598,901)	(598,901)	-	(598,901)
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	12	12
<b>Total transaction with owners</b>	-	-	-	-	-	(598,901)	(598,901)	12	(598,889)
<b>Balance as at 30 June 2019</b>	<b>18,032,233</b>	-	<b>2,800</b>	<b>3,111,892</b>	<b>36,261</b>	<b>22,056,324</b>	<b>43,239,510</b>	<b>7,757,249</b>	<b>50,996,759</b>

Company	Share capital US\$	Treasury shares US\$	Capital Reserve	Accumulated losses US\$	Total equity US\$
<b>Balance as at 1 January 2018</b>	18,032,233	(200,845)	-	(1,981,118)	15,850,270
Loss for the period	-	-	-	(220,412)	(220,412)
<b>Balance as at 31 March 2018</b>	<b>18,032,233</b>	<b>(200,845)</b>	<b>-</b>	<b>(2,201,530)</b>	<b>15,629,858</b>
Loss for the period	-	-	-	(1,161,235)	(1,161,235)
2017 Final dividend declared and paid	-	-	-	(617,974)	(617,974)
Share buyback	-	(360,535)	-	-	(360,535)
Treasury shares reissued pursuant to performance share plan	-	487,134	(13,226)	-	473,908
<b>Balance as at 30 June 2018</b>	<b>18,032,233</b>	<b>(74,246)</b>	<b>(13,226)</b>	<b>(3,980,739)</b>	<b>13,964,022</b>
<b>Balance as at 1 January 2019</b>	<b>18,032,233</b>	<b>-</b>	<b>(13,860)</b>	<b>(1,983,437)</b>	<b>16,034,936</b>
Loss for the period	-	-	-	(313,324)	(313,324)
<b>Balance as at 31 March 2019</b>	<b>18,032,233</b>	<b>-</b>	<b>(13,860)</b>	<b>(2,296,761)</b>	<b>15,721,612</b>
Loss for the period	-	-	-	(283,282)	(283,282)
2018 Final dividend declared and paid	-	-	-	(598,901)	(598,901)
<b>Balance as at 30 June 2019</b>	<b>18,032,233</b>	<b>-</b>	<b>(13,860)</b>	<b>(3,178,944)</b>	<b>14,839,429</b>

**1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of shares	Share capital (S\$)	Share capital (US\$)
As at 30 June 2019	407,693,000	22,890,024	18,032,233
As at 30 June 2018	407,325,000	22,890,024	18,032,233

There were no changes in the share capital of the Company in 2Q 2019.

As at 30 June 2019, the Company did not hold any treasury shares (30 June 2018: 368,000). The total number of issued shares of the Company (excluding treasury shares) as at 30 June 2019 and 30 June 2018 was 407,693,000 and 407,325,000 respectively.

The percentage of the aggregate number of treasury shares held against the total number of shares issued as at 30 June 2019 was NIL (30 June 2018: 0.1%).

Save as stated above, the Company did not have any other outstanding options, convertible securities, treasury shares or subsidiary holdings as at 30 June 2019 and 30 June 2018.



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

	Company As at 30 June 2019 (Unaudited)	Company As at 31 December 2018 (Audited)
Total number of issued shares	407,693,000	407,693,000

The Company did not have any treasury shares as at 30 June 2019 and 31 December 2018.

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the year ended 31 December 2018.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group applied SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. The comparative information was not restated and had been prepared in accordance with the requirements of SFRS(I) 1-17. The Group also applied the practical expedient to recognise amounts of ROU assets equal to their lease liabilities as at 1 January 2019. Accordingly, the Group recognised ROU assets and lease liabilities of approximately \$215,000 respectively as at 1 January 2019 for certain of its leases previously classified as operating leases. Lease arrangements falling outside the scope of SFRS(I) 16 are generally recognised in the statement of profit or loss.

Other than the effect of the matter as described above, the adoption of the new and revised standards did not have any material effect on the financial performance or position of the Group.

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

	Group			
	Three months ended 30 June (Unaudited)		Six months ended 30 June (Unaudited)	
	2019	2018	2019	2018
Profit/(Loss) attributable to owners of the Company (US\$)	831,596	(336,938)	2,212,832	191,407
Weighted average number of ordinary shares	407,693,000	405,306,267	407,693,000	405,980,682
Basic and diluted earnings/(loss) per ordinary share <sup>(1)</sup> :				
- US cents	0.20	(0.08)	0.54	0.05
- SG cents <sup>(2)</sup>	0.27	(0.11)	0.73	0.07

Note:-

- (1) Diluted earnings per share is the same as basic earnings per share due to the absence of any dilutive financial instruments for the three months and six months period ended 30 June 2019 and 30 June 2018 respectively.
- (2) Basic earnings per ordinary share translated at an average exchange rate of USD/SGD 1.3600 and 1.3236 for period ended 30 June 2019 and 30 June 2018 respectively.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year**

	Group		Company	
	30 June 2019 (Unaudited)	31 December 2018 (Audited)	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Net asset value (US\$) <sup>(1)</sup>	43,239,510	41,625,713	14,839,429	16,034,936
Number of shares at the end of the period (excluding treasury shares)	407,693,000	407,693,000	407,693,000	407,693,000
Net asset value per share:				
- US cents	10.61	10.21	3.64	3.93
- SG cents <sup>(2)</sup>	14.35	13.94	4.92	5.37

Note:-

- (1) Net asset value represents total assets less total liabilities and non-controlling interests.
- (2) Net asset value per share translated at a closing exchange rate of USD/SGD 1.3521 and 1.3656 as at 30 June 2019 and 31 December 2018 respectively.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors;**

Revenue

Illustrated below is the summary of the financial performance of the Group for 2Q 2019 and the comparative financial performance for 2Q 2018:

	2Q 2019	2Q 2018	Increase / (Decrease) %
Production volume of fine gold (ounces)	7,599.85	7,187.60	5.7
Sales volume of gold (ounces)	7,599.85	7,187.60	5.7
Revenue – Total (US\$'000)	10,006.48	9,315.83	7.4
Average realised gold price (US\$/ounce)	1,316.67	1,296.10	1.6

The increase in revenue was due to an increase in the production and sales volume of fine gold, as well as an increase in average realised gold price in 2Q2019. The increase in production and sales volume of fine gold was mainly due to the carbon-in-leach ("CIL") plant, which commenced operations in May 2018.

Other income and expenses

In 2Q 2019, the Group recorded a decrease in "net other operating expenses"<sup>1</sup> due to a lower unrealised foreign exchange loss in 2Q 2019 compared to 2Q 2018, resulting from MYR-denominated cash deposits.

Operating expenses

The decrease in total operating expenses was mainly due to:

- decrease in site and factory expenses resulting mainly from the lower consumption and lower average price of diesel, as well as lower consumable usage in 2Q 2019;
- decrease in amortisation and depreciation mainly due to the relocation of a deposit area for future production of silver, lead and zinc. The deposit area had previously included the amortisation expense of gold output; and
- decrease in marketing and publicity expenses mainly due to the contributions towards corporate social responsibility activities in 2Q 2018.

The decreases above were partly offset by lower changes in inventories mainly attributable to lower work-in-progress balances as at 30 June 2019 in comparison with the immediate previous quarter as at 31 March 2019.

<sup>1</sup> i.e. Other operating income less Other operating expenses

## Non-FRS Performance Measures

The Group adopts adjusted operating costs per ounce, all-in sustaining costs per ounce and all-in costs per ounce as non-FRS performance measures in accordance with the World Gold Council guidelines. The Company believes these performance measures better define the total costs associated with its gold production. However, these performance measures have no standardised meaning. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with FRS. The Company reports these measures on sales volume of fine gold.

Summarised below is the information on the Group's all-in sustaining costs and all-in costs in 2Q 2019 and 2Q 2018:

	US\$ / gold ounce sold		Increase / (Decrease) %
	2Q 2019	2Q 2018	
<b>Sales volume of fine gold (ounces)</b>	<b>7,599.85</b>	<b>7,187.60</b>	<b>5.7</b>
Mining related costs	548	566	(3.2)
Royalty and tribute expenses	167	170	(1.8)
<b>Adjusted operating costs<sup>(1)</sup></b>	<b>715</b>	<b>736</b>	<b>(2.9)</b>
General and administrative costs	151	125	20.8
Capital expenditure	51	58	(12.1)
<b>All-in sustaining costs<sup>(2)</sup></b>	<b>917</b>	<b>919</b>	<b>(0.2)</b>
Capital exploration (non-sustaining)	16	12	33.3
Capital expenditure (non-sustaining)	113	107	5.6
<b>All-in costs<sup>(3)</sup></b>	<b>1,046</b>	<b>1,038</b>	<b>0.8</b>

- (1) Adjusted operating costs include production costs such as mining production and maintenance costs, royalties, and operating costs such as storage, net of by-product credits. These costs may vary from quarter to quarter, depending on the seasonal or cyclical factors, including among others, rainy season and grade of gold extracted from the ore.
- (2) All-in sustaining costs include adjusted operating costs and sustaining capital expenditure, corporate general and administrative expenses, exploration expense, reflecting the full cost of gold production from current operations.
- (3) Include all-in sustaining costs and non-sustaining costs. Non-sustaining costs are costs incurred for the new operations and costs related to construction of the new production facility for the existing operations where these projects will materially increase production in future.

The all-in costs in 2Q 2019 were comparable to the all-in costs in 2Q 2018.

## Finance income and costs

Finance income and costs comprised interest income from fixed deposits and interest expense on convertible loan and lease liabilities.

## Tax (expense)/credit

CMNM Mining Group Sdn Bhd ("CMNM"), the main operating subsidiary of the Group, was enjoying a 100% tax exemption on its statutory income derived from the sale of gold doré bars under the Pioneer Status Incentive Scheme in Malaysia until its expiry on 30 June 2018. As such, for accounting purposes, the Group has been accruing for tax expenses on its profits from the sale of gold doré bars based on the normal corporate tax rate in Malaysia of 24% with effect from 1 July 2018.

The Group's effective tax rate for 2Q 2019 was approximately 40.8%, which was higher than the applicable tax rate of 24% for the Group. The higher effective tax expense was due mainly to the effect of (i) deferred tax assets not recognised for tax losses incurred by certain subsidiaries on grounds of prudence; (ii) withholding taxes on management fees and interest income derived from CMNM; and (iii) certain non-deductible items for tax purposes.

#### Profit after tax

The Group generated a profit after tax of US\$1.10 million in 2Q 2019 compared to a loss after tax of US\$0.18 million in 2Q 2018 due to the reasons stated above.

Excluding the impact of unrealised foreign exchange differences, expenses incurred in relation to the Company's proposed dual listing of its shares on the Main Board of the Stock Exchange of Hong Kong Limited in 2Q 2018, and the grant of performance shares to deserving employees, the profit after tax for 2Q 2019 would be US\$1.32 million, compared to US\$1.80 million for 2Q 2018.

	2Q 2019 US\$	2Q 2018 US\$
Profit/(Loss) before tax	1,865,832	(261,912)
Tax (expenses)/credit	(761,794)	79,582
Profit/(Loss) after tax	1,104,038	(182,330)
Unrealised foreign exchange loss ("A")	219,563	697,041
Listing expenses ("B")	-	814,404
Performance share plan ("C")	-	467,940
<b>Profit after tax excluding A to C</b>	<b>1,323,601</b>	<b>1,797,055</b>

Lower profit after tax excluding items A, B and C in 2Q 2019 as compared to 2Q 2018 was mainly due to the higher tax expense recorded in 2Q 2019 when the tax holidays expired on 30 June 2018.

#### **(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

The comparative performance of the assets and liabilities listed below is based on financial statements as at 30 June 2019 and 31 December 2018.

#### Assets

The decrease in exploration and evaluation assets was mainly due to the transfer of US\$1.96 million from exploration and evaluation assets to mine properties. The decrease was partially mitigated by exploration and evaluation activities of US\$0.21 million undertaken during the six months ended 30 June 2019.

The increase in mine properties was mainly due to the reason stated above, coupled with the increase in rehabilitation costs of US\$0.18 million and drilling costs of US\$0.75 million. The overall increase in mine properties was partially offset by amortisation expenses of US\$0.76 million.

The increase in property, plant and equipment was mainly due to the on-going construction of a new flotation plant and an underground mining facility for the Group's

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operations and purchase of equipment and vehicles of US\$3.53 million. This increase was partly offset by depreciation of US\$1.65 million.

The increase in trade and other receivables was mainly due to an increase in trade receivables as well as an increase in prepayments made to suppliers. The Group subsequently received full payment for the balance trade receivables in early July 2019.

#### Liabilities

The decrease in total liabilities was mainly due to the absence in dividends payable, and trade and other payables of US\$0.86 million resulting mainly from the payment of bonuses accrued in the previous financial year that was subsequently paid in 1Q 2019.

The overall decrease was partly offset by increases in accrued rehabilitation costs; increase in current tax liabilities due to reasons stated in the paragraph entitled "Tax (expense)/credit"; and increase in lease liabilities due to adoption of SFRS(I) 16.

As at 30 June 2019, the Group had positive working capital of US\$12.54 million compared to US\$12.74 million as at 31 December 2018.

#### Cash flows

The net operating cash inflows in 2Q 2019 was mainly due to operating profit before working capital changes of US\$3.16 million, adjusted for working capital outflows of US\$1.79 million, mainly attributable to the increase in trade and other receivables of US\$1.10 million, decrease in trade and other payables of US\$0.33 million and increase in inventories of US\$0.36 million.

Net cash used in investing activities comprise payments to acquire property, plant and equipment for the on-going construction of the underground structure and a new flotation plant as well as mine properties and exploration and evaluation assets.

Net cash used in financing activities amounted to US\$0.65 million in 2Q 2019. This was mainly for dividends of US\$0.60 million that was declared for the financial year ended 31 December 2018 and subsequently paid to equity holders of the Company in 2Q 2019.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

There is no material deviation in the actual results for the second quarter ended 30 June 2019 from what was previously discussed under paragraph 10 of the announcement of the Company's financial results for the first quarter ended 31 March 2019.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The recent run-up in gold prices bodes well for the Group as it seeks to mine more of the precious yellow metal. The renewed interest in gold as an investment asset class is driven by factors including weakness in the US dollar, which makes gold more attractive for holders of other currencies, and gold's allure as a safe-haven asset amid rising headwinds in the global economy. These headwinds in turn have been putting pressure on the US dollar as investors increasingly believe the US Federal Reserve may cut interest rates further to help support the world's largest economy.

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While output at its flagship Sokor gold field in Kelantan has been growing year-on-year for several consecutive quarters now, the Group believes it can produce even more gold once it starts underground mining. To spearhead its underground mining operations, it incorporated in June this year CNMC Mining Sdn Bhd, in which it owns a 51% stake.

In seeking to diversify its income streams, the Group has started putting together a flotation plant at Sokor for the production of silver, lead and zinc. Construction is expected to be completed before the end of 2019. The plant is expected to start generating revenue in the first half of 2020, barring any unforeseen circumstances and subject to the award of commercial operation permits from the relevant authorities in Malaysia.

The Group remains committed to installing a national grid power line at Sokor in order to be more self-sufficient in energy generation and to reduce energy costs. It is still in active discussions with the relevant authorities to ensure all regulatory requirements and standards in relation to this power line project can be fully met and adhered to.

The Group is also still in talks with the relevant authorities to secure more favourable tax treatment for profits generated from the sale of gold doré bars. Profits from such sales were previously fully exempted from tax for five years under the Pioneer Status Incentive Scheme. With the five-year period of tax holidays having expired as at 30 June 2018, the Group has been engaging various authorities in a bid to reinstate and/or extend the scheme. The Group may also apply for other relevant tax incentives.

#### 11. Dividend

**(a) Whether an interim (final) ordinary dividend has been declared (Recommended); and**

None.

**(b) (i) Amount per share (cents):**

No dividend has been declared or recommended for the current reporting period.

**(ii) Previous corresponding period (cents)**

No dividend has been declared or recommended for 2Q 2018.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended for 2Q 2019. It is not the practice of the Company to declare or recommend dividend in the second quarter of the year.

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

The Group does not have a general mandate from its shareholders for IPT. In 2Q 2019, the Group did not enter into any IPT of more than S\$100,000 in value.

**Additional Disclosure Required for Mineral, Oil and Gas companies**

**14a. Rule 705 (6)(a) of the Catalyst Listing Manual**

**i. Use of funds/cash for the quarter:-**

In 2Q 2019, funds/cash was mainly used for the following production activities, as compared to the projections:-

Purpose	Amount (US\$ million) Actual Usage	Amount (US\$ million) Projected Usage
Exploration and evaluation activities	0.48	0.62
Payments for plant and machinery	2.04	2.86
Payments for diesel and other production materials	2.80	2.74
Royalty and tribute fees to government	1.46	2.00
Rental of equipment	0.58	0.63
Upkeep of equipment and motor vehicles	0.37	0.43
General working capital	1.62	1.65
<b>Total</b>	<b>9.35</b>	<b>10.93</b>

**ii. Projection on the use of funds/cash for the next immediate quarter, including principal assumptions:-**

For the next immediate quarter (financial period from 1 July 2019 to 30 September 2019 (“3Q 2019”)), the Group’s use of funds/cash for production activities is expected to be as follows:-

Purpose	Amount (US\$ million)
Exploration and evaluation activities	0.80
Payments for mining lease	0.35
Payments for plant and machinery	2.20
Payments for diesel and other production materials	3.20
Royalty and tribute fees to government	1.58
Rental of equipment	0.48
Upkeep of equipment and motor vehicles	0.38
General working capital	1.63
<b>Total</b>	<b>10.62</b>



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The Group's exploration plans from 3Q 2019 are as follows:-

(a) Geological Investigation

The Geology Department plans to carry out exploration activities in Ulu Sokor, Kelgold and Pulai concessions. Details of exploration activities are as below:

Ulu Sokor concession:

- i) Expansion work of southeastern Rixen deposit will continue and to explore the potential of gold mineralization in brecciated limestone layer.
- ii) Diamond drilling activities in Sg. Amang area will be carried out to verify the anomaly once the geophysics survey result is available.

Kelgold concession:

- i) Geology Department is currently analyzing the orebody in northern part of concession for mine design and planning.
- ii) Trenching activity will continue to be carried out in southwestern anomaly zone.

Pulai concession:

- i) Geological mapping and lithology study will be carried out in feldspar mine before drilling commences. Geology department plans to study the mapping result and develop a drilling plan to estimate the quantity and quality of feldspar.
- ii) Geological mapping and trenching activity will be carried out in Serunai South area.

Rock chip and float samples will be routinely collected and tested by the Group's in-house laboratory. The geological investigation points and drillhole collars will be accurately surveyed by Real Time Kinematic (RTK) satellite investigation, using CHC X91 GNSS receivers.

(b) Diamond drilling program

Diamond core drilling will be fulfilled by exploration drilling sub-contractors, using diamond rigs capable of drilling NQ drill core size to 1,000 meters in depth.

Drilling activity for 3Q 2019 will be carried out in Sokor area. Table 1 shows the 2019 drilling plan for Sokor area, which consists of 23 drillholes with total footage of 8,070m. Geology Department will revise the drilling plan from time to time based on the assay result of each drillhole.

Table 1. Drilling plan for Sokor area, 23 holes in total with footage of 8,070m.

Drillholes	Designed locations		Designed depths (m)	Dip(°)	Remarks
	Easting	Northing			
ZKR121-7	443875	616725	100	80	Rixen
ZKR141-10	443925	616475	150	80	Rixen
ZKR145-9	444350	616425	370	80	Rixen
ZKR145-10	443963	616425	400	80	Rixen
ZKR149-15	444500	616375	390	80	Rixen
ZKR153-10	444450	616325	400	80	Rixen
ZKR157-13	444400	616275	400	80	Rixen
ZKR161-11	444350	616225	385	80	Rixen

ZKR161-12	444450	616225	415	80	Rixen
ZKR165-10	444150	616175	320	80	Rixen
ZKR165-12	444400	616175	410	80	Rixen
ZKR169-4	444250	616125	360	80	Rixen
ZKR169-5	444350	616125	410	80	Rixen
ZKR169-6	444450	616125	440	80	Rixen
ZKR173-5	444400	616075	430	80	Rixen
ZKR177-3	444350	616025	430	80	Rixen
ZKR181-3	444200	615975	410	80	Rixen
ZKR181-4	444300	615975	400	80	Rixen
ZKR185-2	444250	615925	320	80	Rixen
ZKR185-3	443875	616725	350	80	Rixen
ZKL8-3	444250	615100	270	80	Sejana
ZKL10-1	444200	615150	240	80	Sejana
ZKL12-2	444250	615200	270	80	Sejana

\*Drilling plan may be revised according to assay results from time to time without notice.

Drilling plan for Pulai feldspar mine will be formulated after the completion of geological mapping.

#### 14b. Rule 705 (6)(b) of the Catalyst Listing Manual

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the information provided in item 14a above to be false or misleading in any material aspect.

#### 15. Rule 705 (7) of the Catalyst Listing Manual

**Details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanation for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated;**

In 2Q 2019, the Group capitalised a total of US\$0.81 million for exploration and evaluation expenditures incurred during the financial period.

The Group carried out the following exploration activities in 2Q 2019:-

##### (a) Geological Investigation

###### Sokor concession:

The company embarked on geophysics surveys at Sg. Amang and Sejana area during mid-June. Induced polarization ("IP") sounding, IP intermediate gradient and resistivity surveys will be carried out to explore the lead-zinc potential beneath the surface.

2 drillholes were completed in New Discovery lode to determine the eastward extension of orebody for mining purpose. Both drillholes showed densely pyritised segments in marbleized limestone layer. Assay results are not available at the point of reporting.

The extension drilling in southeastern Rixen deposit is ongoing. Geology Department conducted 29 meters of trench logging, collected 63 rock chip samples and completed 3 drillholes in south of Rixen deposit.

Pulai concession:

The geophysics survey team arrived during mid-June period and will be conducting geophysics survey work in Serunai South gold exploration and feldspar mine project.

Kelgold concessions:

Trenching activities in southwestern anomaly zone were carried in 2Q 2019. Fourteen trenches were completed with total footage of 1,378m.

(b) Drilling Program

In 2Q 2019, 16 drillholes were completed in Sokor concession with total footage of 3212.40m. No drilling activity were carried out in Kelgold and Pulai concessions.

Drillholes details for the Sokor concession are shown in Table 2.

Table 2: Completed drillholes in Ulu Sokor area for 2Q 2019.

Drillhole	Designed locations		Completed depths (m)	Dip(°)
	Easting	Northing		
ZKR153-9	444327	616318	424.15	80
ZKR161-10	444222	616215	319.30	80
ZKR157-12	444058	616277	256.75	80
ZKR125-3	443993	616671	182.79	80
ZKR125-2	443887	616675	126.43	80
ZKR133-2	443985	616576	157.65	80
ZKRS1-1	443807	615821	133.11	70
ZKR133-3	443889	616573	151.75	80
ZKRS1-2	443770	615839	102.33	70
ZKR141-9	443894	616467	81.95	90
ZKRS2-1	443916	615822	123.26	75
ZKR165-8	444182	616167	327.15	80
ZKR173-4	444111	616065	345.37	80
ZKR177-2	444065	616015	298.55	80
ZKN4-14	444138	613599	97.83	70
ZKN6-10	444118	613558	84.03	70

(c) Half core sampling and analysis

In-house laboratory assayed a total of 3,005 samples in 2Q 2019. Out of the 3,005 samples assayed, 1,438 were half core samples and 291 rock chip samples from Sokor concession; 1,248 trench samples and 28 rock chip samples from Kelgold concession.

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**16. Confirmation pursuant to Rule 705(5) of the Catalist Listing Manual**

The Board confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results for the second quarter ended 30 June 2019 to be false and misleading in any material aspect.

**17. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

**By Order of the Board**

Lim Kuoh Yang  
Chief Executive Officer

14 August 2019

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.*

*This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.*

*The contact person for the Sponsor is Ms Gilian Goh, Director, Head of Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).*