golden energy and resources

GOLDEN ENERGY AND RESOURCES LIMITED



ANNUAL REPORT 2016

VISION

To be the leading coal mining company in Asia and to create value to all our stakeholders

MISSION

1. Develop the best corporate culture centred on human capital
2. Focus on excellence in operations and processes
3. Build sustainable growth through high safety standards, good community development programme, while maintaining and managing our environment

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CORPORATE **PROFILE**

Golden Energy and Resources Limited ("**GEAR**"), which owns 66.9998% of PT Golden Energy Mines Tbk, was formed through the recently completed RTO of SGX-ST Mainboard-listed United Fiber System Limited in 2015, and is principally engaged in the exploration, mining processing and marketing of thermal coal sourced from its coal mining concession areas, covering an aggregate of approximately 42,904 hectares in South Kalimantan, Central Kalimantan, Jambi (a province in Sumatra) and South Sumatra Basin, Indonesia.

Backed by the Sinar Mas Group; one of Indonesia's largest conglomerates, GEAR, through its subsidiaries, collectively owns the rights to mine more than 2.3 billion tonnes of thermal coal resources estimates, with coal reserves estimates of more than 770 million tonnes.

GEAR has reserves of thermal coal with an average calorific value range of between 3,900 kcal/kg (arb) to 6,500 kcal/kg (arb).

Aside from coal mining and trading, GEAR is also engaged in the forestry businesses, owning a forestry concession rights of 265,095 hectares in four regions, located in South Kalimantan, Indonesia.







CHAIRMAN'S **MESSAGE**



DEAR SHAREHOLDERS,

We are truly heartened to report that 2016 was a milestone year for Golden Energy and Resources Limited (the "**Company**", "**GEAR**" or "**GEAR Group**"). In December 2016, GEAR successfully completed the compliance placement of 181 million shares at S$0.67 per share to institutional shareholders, raising gross proceeds of S$121.3 million. Of this, a sizeable number of shares were placed out across a diverse investor base, which includes prominent global and regional fund investors as well as an international commodity trading institution.

With this pivotal development, GEAR shares resumed trading upon its listing on the Mainboard of SGX-ST on 12 December 2016. You would recall that in April 2015, GEAR acquired a 66.9998% stake in PT Golden Energy Mines Tbk ("**GEMS**") from PT Dian Swastatika Sentosa Tbk ("**DSS**") for S$1.88 billion, paid through the issuance of new shares at S$0.95 each.

Following the successful compliance placement, GEAR is now 86.87% owned by Indonesia's Sinar Mas Group, through DSS.

GEARing Up for Growth

In the course of fiscal year 2016, the GEAR Group witnessed several high points on the operational front. We saw a significant ramp-up in production output, with a 44% growth in production volume of coal between FY2014 (6.6 million tonnes (**"MT"**)) and FY2016 (9.5 MT). This positions us well in achieving our production target of 14 MT for FY2017.

The operating environment in FY2016 was favourable, particularly for the BIB coal from the Group's main production mine, buoyed by increased coal prices and the Indonesian government's nod for GEAR to increase BIB's production output to 7.5 MT per annum in September 2016. We have since sought approval from the Indonesian Government to raise BIB's coal production output to 12 MT per annum for 2017.

Importantly, another critical success factor in our operations is the Company's ability to be a low cost mining producer. GEAR enjoys a lower stripping ratio and superior logistics supply chain, compared to other domestic and international producers. GEAR's strong partnership with established mining contractors also enables us to extract further value as we enjoy economies of scale from the increase in our coal production. Further, our operations are supported by a dedicated transport infrastructure that achieves greater savings in terms of costs and time in the coal transhipment process. The Company enjoys the distinct competitive advantage of having conveyor belts extending 800 metres into the Java Sea, enabling direct loading onto barges regardless of tidal conditions. GEAR's port is located an average of 25 km from the BIB concession mining pits, which is considered to be in very close proximity when compared to competitors' mining pits in South Kalimantan.

These factors have resulted in the Company turning in a positive set of full-year results. We achieved broad-based growth in revenue contributions across our business divisions and swung into profitability with a record net profit of US$33.7 million, on the back of US$393.3 million in revenue for FY2016. Our balance sheet is solid, underpinned by low gearing ratio of 0.10 times and a healthy cash position of US$79.1 million. With our strengthened financials and backed by our Group's stellar track record, GEAR will be actively looking out for further quality acquisitions, in order to increase shareholder value as we work towards becoming the leading mining player in Indonesia and the region.

The BIB concession is GEAR's largest coal reserves with an estimated 1.78 billion tonnes of coal resources. Two other concessions, one in Jambi ("**KIM**") and the other in Central Kalimantan ("**TKS**"), have estimated coal resources of 256 MT and 77MT, respectively. An independent business evaluation report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited has valued these three coal concessions at US$3.1 billion as at 31 August 2016.

On 20 September 2016, GEAR acquired the entire share capital in issued in PT Era Mitra Selaras ("**EMS**") with concession rights to PT Wahana Rimba Lestari ("**WRL**"), which has a JORC coal reserves estimates of 68 MT and coal resources estimates of 183 MT.

With this acquisition, GEAR currently has a total of four mining concessions. As at 31 December 2016, the Group has an aggregate coal resources estimates of over 2.3 billion tonnes across its four concessions.

Trends in Coal

Coal prices have surged internationally since June 2016, driven by China's imports surging to its highest since December 2014. China's coal import was up more than 12% during the first eight months of 2016. In January 2017, China's coal imports jumped 64% to 24.91 MT, and this is projected to increase further as a result of restrictions on local production as part of its long term plans to manage smog and greenhouse gas emissions.

From a macro perspective, Asia's emerging markets are expected to show strong demand growth for thermal coal, which will likely fill the majority base load for power in major countries in Asia. For instance, power generation in India, largely reliant on coal-fired power generation, is expected to see soaring domestic demand increasing to 1,750 terawatt-hour ("TWh") by 2020, with coal accounting for more than 1,230 TWh.

Correspondingly, Southeast Asian countries such as Thailand, the Philippines and Vietnam are growth markets for thermal coal in the lead-up to 2020, as coal-fired electricity is used to fuel their fast-growing economies.

Even Japanese companies are seeking to increase coal-burning power stations in the country by almost 50% in the next 12 years. Almost all of the country's 50-odd nuclear plants, which contribute some 30% of Japan's power needs, are still shut in the wake of the Fukushima incident. Imported coal has filled the void, contributing 31.6% of Japan's energy needs in 2015.

On the domestic front, President Jokowi's 35,000 megawatt ("MW") electrification programme will see almost 20,000 MW originating from coal-fired generation plants. In Indonesia, demand for coal is further driven by infrastructure development, given the record budget of US$22 billion set aside for major projects such as toll roads, mass housing, ports and railways. Cement is an essential component for such infrastructure development, and coal is intensively used in the manufacture of cement as well.

Looking Ahead

The outlook on the operating environment looks favourable going forward, and we are excited about the opportunities that lie before us. Demand for coal is expected to remain strong, both in the domestic and overseas markets.

Domestic demand in Indonesia is likely to grow as new coal-fired power plants will be developed and will account for 60% of the planned power capacity; while electrification and industrialisation will continue in Asia's developing countries, underpinning long-term demand for thermal coal.

GEAR is well equipped to meet these demands. We have large reserves to support production growth, as well as long CCoW licenses for BIB, which reduces operating uncertainty and enhances our position as the preferred thermal coal supplier to power plant producers due to the low sulphur and ash content of our coal. This is further bolstered by a highly experienced and committed management team that is capable of driving growth. Our BIB concession's 4,000 – 4,200 GAR coal already enjoys an established branding in the market, given its versatility which renders it suitable for domestic power producers in Indonesia and major export markets such as China and India.

The Company has emerged stronger from 2016. We have a robust balance sheet, low gearing ratio and strong cashflow from operations. With these elements of success in place, we are poised to realise the full potential of our mining assets and our people. We have an organisation that is capable of creating and executing our plans, and we look forward to continue building a company that is sustainable in the long term.

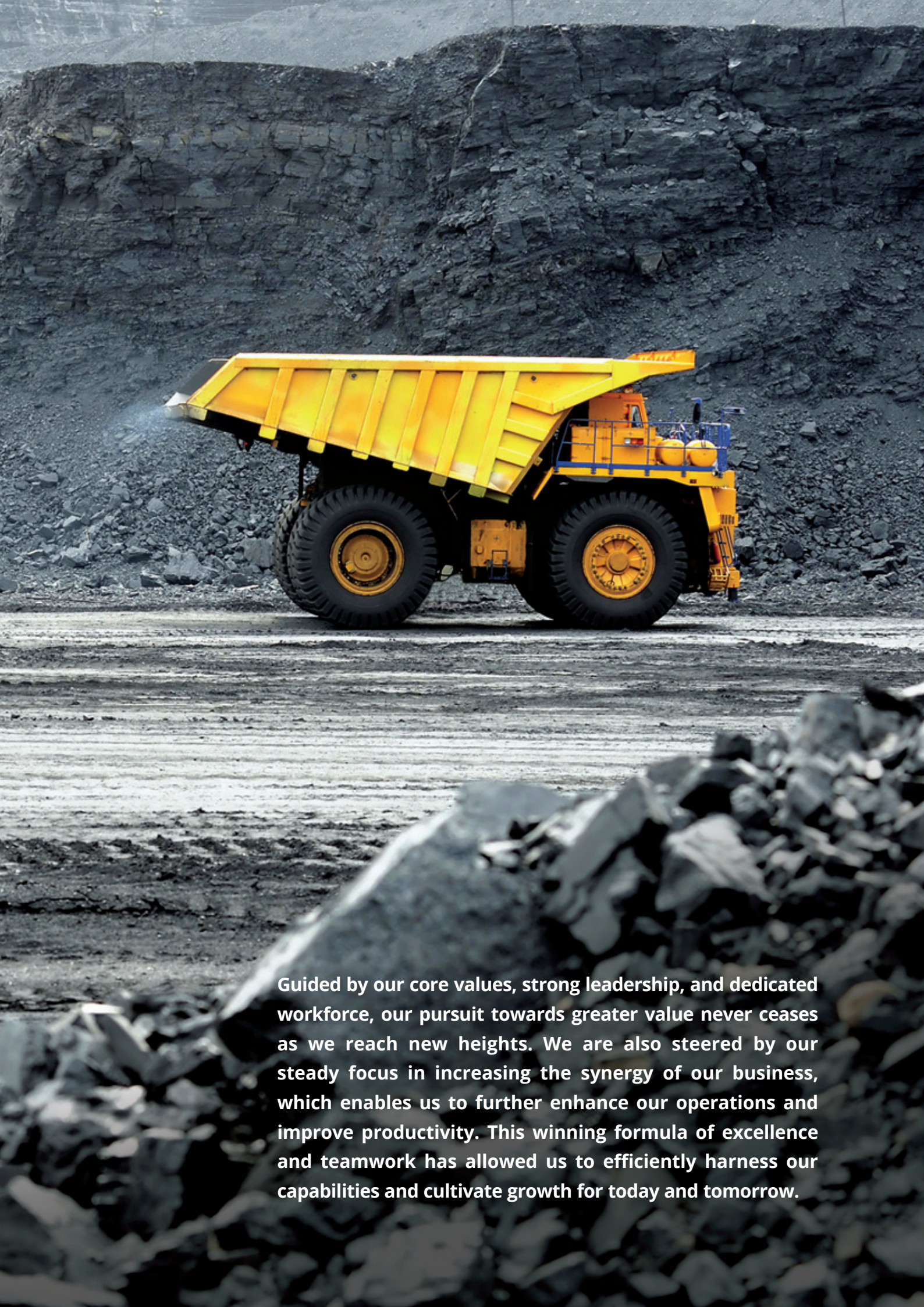
In closing, I would like to take the opportunity to express my gratitude to the Board of Directors, the executive leadership team and employees of GEAR for their unstinting commitment and dedication in driving the business. Together, we will continue to deliver on our commitments.

Special thanks also to you, our shareholders, for your patience and continued support, for staying the course with us through the reverse take-over, compliance placement exercise and ultimately, the resumption of trading of GEAR shares on the SGX Mainboard. We look forward to your continuous support to meet the challenges ahead.

MR. L. KRISNAN CAHYA
Non-Executive Chairman



MOVING AHEAD WITH **FIRM FOUNDATIONS**



Guided by our core values, strong leadership, and dedicated workforce, our pursuit towards greater value never ceases as we reach new heights. We are also steered by our steady focus in increasing the synergy of our business, which enables us to further enhance our operations and improve productivity. This winning formula of excellence and teamwork has allowed us to efficiently harness our capabilities and cultivate growth for today and tomorrow.

CEO'S **MESSAGE**



On behalf of the Management, it is my great pleasure to present GEAR's performance review in FY2016 and share our business plans and strategies as we embark on the new financial year ahead on a strong financial footing.

GEAR resumed trading of our shares on the SGX-ST Mainboard on 12 December 2016. We are also heartened that GEAR's market capitalisation of S$1.6 billion had contributed significantly to SGX-ST's Mineral, Oil & Gas listings of 26 companies with a combined market capitalisation of S$3.6 billion as at GEAR's listing. This follows the successful completion of our compliance placement of 181 million shares which saw support from established institutions that include prominent global and regional fund investors as well as an international commodity trading institution.

GEAR has grown considerably in the course of FY2016. Most noticeably in the operation of our Coal Mining Division, which saw a 44% increase in production output over the past two years to reach 9.5 million tonnes ("**MT**") in FY2016. The increase has allowed us to deliver higher sales volumes against the backdrop of rallying coal prices in FY2016. This has culminated in a set of outstanding full-year results for our Group with a record net profit of US$33.7 million and revenue of US$393.3 million.

Coal Mining and Trading Divisions

GEAR's Coal Mining Division remained the key revenue driver for our Group, contributing US$329.5 million, or approximately 83.8% of the total revenue in FY2016.

Our Coal Mining Division produced a total of 9.5 MT of thermal coal in FY2016, a 9.2% increase from FY2015. Of which, BIB concession contributed 7.5 MT during the year, thereby successfully achieving the maximum production output approved by the Indonesian Government in September 2016. Our KIM concession which had consistently contributed 2.0 MT of thermal coal annually, remained steadfast in its production.

Our Group sold a total of 11 MT of coal in FY2016, a 16% year-on-year increase in sales volume from 9.5 MT in FY2015, at an average selling price of approximately US$35/MT.

In September 2016, our Coal Mining Division completed the acquisition of PT Era Mitra Selaras ("**EMS**") with concession rights to PT Wahana Rimba Lestari ("**WRL**"). This acquisition added a further 183 MT to the Group's coal resources estimates and brought the total number of concessions to four. As at 31 December 2016, our Group has an aggregate coal resources estimates of approximately 2,332 MT and coal reserves estimates of more than 770 MT across our four concessions.

We are heartened by the strength of growth of our Coal Mining and Trading Divisions in FY2016 and are highly encouraged by the sector's growth potential in the years ahead, particularly with the stabilisation of coal prices. This is truly a clear testament to our success in managing our production cost and optimising our operational processes with a long-term view in mind.

The operating environment for the coal industry appears promising over the next few years. We expect that the domestic and overseas demand for thermal coal will continue to remain strong, particularly to meet the growing energy needs of developing economies. I believe that our Group is well-poised to meet this growing market demand with our BIB coal, which is known for its versatility in capturing both the export and domestic markets given its low sulphur and ash content.

In the financial year ahead, we will be looking to ramp up our production output in our existing concessions to reach our target of 14 MT. This will rank us among the top seven key coal producers in Indonesia and position us well to ride on the coal price rally and the persistent strong demand for coal in Indonesia and abroad. We will also continue to explore opportunities through strategic acquisitions.

Forestry Division

Our Forestry Division sold 189,719 cubic metres ("**M³**") of pulp logs in FY2016, which generated sales revenue of US$7.1 million, an 11% increase from US$6.4 million in the previous corresponding period. This was bolstered by a higher average realised selling price of US$37.65/M³, up from US36.58/M³ in FY2015.

Looking ahead, we shall invest in higher value downstream expansions such as plywood to maximize the value of forestry business.

In Conclusion

GEAR has come off 2016 bigger, better and financially stronger amid a more favourable business environment. This puts us on a sturdier base to pursue our next level of growth by capturing the gems of opportunities within the coal industry.

To achieve this, our Group has plans to venture into new export markets for our coal and explore other strategic earnings accretive acquisitions in the light of our current net cash position and low gearing.

In the medium-term, our Group will continue to see strong demand for coal globally, particularly among the emerging markets which are dependent on the resource for their power needs. We believe that we are well-poised to capture this demand given the versatility of our coal grade for use in Indonesia's domestic market and export abroad.

Going ahead, we are on the lookout for strategic acquisitions in the mining sector, to strengthen our reserves base, provide synergies and achieve diversified cash flows for GEAR.

Lastly, I would like to take this opportunity to express my heartfelt thanks and appreciation to our dedicated and capable team at GEAR, who has worked tirelessly to see through the successful completion of our Group's compliance placement exercise, and maximise the growth opportunities that were laid out for our coal business in the course of the year. Your hard work and dedication are truly admirable and I look forward to work alongside all of you in growing GEAR's business.

To all our shareholders, I would like to say a big thank you for your unwavering support through the RTO process. With the resumption in trading of our Group's shares on the SGX-ST, we remain committed to deliver long-term value to all our shareholders and are determined to grow our business with this end in mind.

MR. FUGANTO WIDJAJA
Executive Director, Group Chief Executive Officer



BOARD OF **DIRECTORS**



Mr. Lay Krisnan Cahya
Non-Executive Chairman

Mr. Fuganto Widjaja
Executive Director, Group CEO

Mr. Dwi Prasetyo Suseno
Executive Director, Deputy Group CEO

MR. LAY KRISNAN CAHYA
Non-Executive Chairman

Mr. Lay Krisnan Cahya was appointed as a Non-Executive Director and Non-Executive Chairman on 20 April 2015 following the completion of the acquisition of 66.9998% equity interest in the share capital of PT Golden Energy Mines Tbk ("**GEMS**") from PT Dian Swastatika Sentosa Tbk ("**DSS**") ("**DSS Completion**"). Mr. Cahya is a member of both the Audit Committee and Remuneration Committee of the Company. Except as provided below, Mr. Cahya does not have any relationship including immediate family relationship with the Directors or the Company as defined in the Code of Corporate Governance 2012 ("**Code 2012**").

Mr. Cahya has over 30 years working experience in banking and corporate. He is currently the president director of DSS and president commissioner of GEMS.

Mr. Cahya graduated with a Bachelor of Economics (Accounting) from Tarumanagara University, Indonesia in 1986.

MR. FUGANTO WIDJAJA
Executive Director, Group CEO

Mr. Fuganto Widjaja was appointed as an Executive Director and the Group Chief Executive Officer on 20 April 2015 following DSS Completion. Mr. Widjaja is a member of the Nominating Committee of the Company. Mr. Widjaja is the son of Mr. Indra Widjaja and nephew of Mr. Franky Oesman Widjaja and Mr. Muktar Widjaja. Mr. Indra Widjaja, Mr. Franky Oesman Widjaja and Mr. Muktar Widjaja are the ultimate controlling shareholders of the Company. Except as provided above, Mr. Widjaja does not have any relationship including immediate family relationship with the Directors or the Company as defined in the Code 2012.

Mr. Widjaja has more than 10 years of experience in general management and supervisory responsibilities in the coal industry. Mr. Widjaja is a commissioner of GEMS and PT Sinar Mas Multiartha Tbk and president director of PT Berau Coal Energy Tbk.

Mr. Widjaja graduated with a Bachelor of Arts (Computer Science and Economics) from Cornell University in 2003 and obtained a Master's Degree in Philosophy (Finance) from the University of Cambridge in 2004.

MR. DWI PRASETYO SUSENO
Executive Director, Deputy Group CEO

Mr. Dwi Prasetyo Suseno was appointed as an Executive Director and the Deputy Group Chief Executive Officer on 26 October 2015. He does not have any relationship including immediate family relationship with the Directors, the Company or its 10% shareholders as defined in the Code 2012. Mr. Suseno was re-elected to the Board on 29 April 2016.

Mr. Suseno has over 20 years of experience in mining, commodities and oil & gas related industries with exposures in operations, general management, trading, finance, business development, corporate legal and international taxation. He has worked with PT Indo Straits Tbk, Straits Asia Resources Limited, Baker Hughes Inc., Arthur Andersen and Ernst & Young LLP Australia.

He obtained his Bachelor of Commerce degree from the University of Western Australia, Postgraduate Diploma in Business degree from Curtin University, Western Australia and Executive MBA degree from Kellogg School of Management & HKUST. He holds a Graduate Diploma degree in Taxation Law Masters from the University of Melbourne, Australia. Mr. Suseno is a Fellow Certified Public Accountant of CPA Australia and a council member of CPA Australia, Singapore Divisional Council. He is also a Chartered Accountant and member of Institute of Singapore Chartered Accountants.

MR. MOCHTAR SUHADI
Executive Director

Mr. Mochtar Suhadi was appointed as an Executive Director of the Company on 20 April 2015 following DDS Completion. He does not have any relationship including immediate family relationship with the Directors, the Company or its 10% shareholders as defined in the Code 2012. Mr. Suhadi was re-elected to the Board on 29 April 2016.



Mr. Mochtar Suhadi
Executive Director

Mr. Lim Yu Neng Paul
Independent Director

Mr. Lew Syn Pau
Independent Director

Mr. Irwandy Arif
Independent Director

Mr. Suhadi has many years of experience in general management of operations, merger & acquisitions, exploration, joint ventures and joint operations of coal mines in Indonesia.

Mr. Suhadi is presently a director of GEMS. He was previously a Non-Executive Director of the Company from January 2011 to August 2011. Mr. Suhadi graduated with a Bachelor of Science from University of Michigan in 2004.

MR. LIM YU NENG PAUL

Independent Director

Mr. Paul Lim Yu Neng was appointed as a Non-Executive Director of the Company on 3 August 2007 and was re-designated as an Independent Director on 26 February 2009. He is presently the Chairman of the Audit Committee and member of both the Nominating Committee and the Remuneration Committee of the Company. Mr. Lim does not have any relationship including immediate family relationship with the Directors, the Company or its 10% shareholders as defined in the Code 2012. Mr. Lim was re-elected to the Board on 29 April 2016.

Mr. Lim has over 25 years of banking experience with international investment banks including Morgan Stanley, Deutsche Bank, Solomon Smith Barney and Bankers Trust. He is currently the Managing Director and Head of Private Equity of SBI Ven Capital Pte Ltd. Mr. Lim is an independent director of China Everbright Water Limited and Nippecraft Limited.

Mr. Lim obtained his Master of Business Administration in Finance and Bachelor of Science in Computer Science from the University of Wisconsin, Madison, USA. He is a Chartered Financial Analyst (CFA).

MR. LEW SYN PAU

Independent Director

Mr. Lew Syn Pau was appointed as an Independent Non-Executive Director of the Company on 20 April 2015 following DSS Completion. He is presently the Chairman of the Nominating Committee and Remuneration Committee and member of the Audit Committee of the Company. He does not have any relationship including immediate family relationship with the Directors, the Company or its 10% shareholders as defined in the Code 2012.

Mr. Lew is an independent director in SUTL Enterprise Ltd, Broadway Industrial Group Limited, Food Empire Holdings Ltd, Golden Agri-Resources Ltd and Poh Tiong Choon Logistics Limited. He is also chairman of SUTL Enterprise Ltd and Broadway Industrial Group Limited.

Mr. Lew was a Singapore Government scholar, and has a Bachelor (1977) and Master (1981) of Engineering from Cambridge University, UK and a Master of Business Administration from Stanford University, USA (1984). He was a member of the Singapore Parliament from 1988 to 2001, during which he chaired the Singapore Government Parliamentary Committees for Education, Finance, Trade and Industry and National Development.

MR. IRWANDY ARIF

Independent Director

Mr. Irwandy Arif was appointed as an Independent Non-Executive Director of the Company on 20 April 2015 following DSS Completion. He does not have any relationship including immediate family relationship with the Directors, the Company or its 10% shareholders as defined in the Code of Corporate Governance 2012.

Mr. Arif has over 30 years of experience in the mining industry. He is an Independent Commissioner of GEMS and PT Vale Indonesia Tbk, member of audit committee on Board of Commissioners of GEMS, PT Adaro Energy Tbk and PT Tobabara Sejahtera Tbk.

Mr. Arif graduated with a Bachelor of Engineering in Mining Engineering from the Bandung Institute of Technology in 1976, obtained his Master of Science in Industrial Engineering from the Bandung Institute of Technology in 1985 and was conferred a Doctoral Degree from the Ecole des Mines de Nancy, France in 1991.

OUR AREAS OF **OPERATIONS**



SINGAPORE

Corporate Office

- Corporate, finance, human resource, IT and purchasing functions
- Oversees group's growth strategy, M&A, funding and investor relations

Marketing office

- Coal trading for international market

JAKARTA

Coal Divisions Head office

- Finance, legal, human resource, IT, marketing and purchasing functions
- Oversees group's businesses and operations

SOUTH KALIMANTAN

BIB Coal Mining Concession

- 24,100 hectares mining concession
- Coal resources estimates of 1.8 billion tonnes, inclusive of coal reserves
- Coal reserves estimates of 652 million tonnes
- Calorific value of 3,866 kcal/kg - 6,528 kcal/kg (arb)

Forestry Concession

- 265,095 hectares of forestry concession rights
- Approximately 4,730 hectares are plated with Acacia Mangium; Jabon; Sengon; and Rubber trees.

CENTRAL KALIMANTAN

TKS Coal Mining Concession

- 9,707 hectares mining concession
- Coal resources estimates of 74.7 million tonnes
- Calorific value of 5,714 kcal/kg - 5,726 kcal/kg (adb)

SUMATRA

JAMBI

KIM Coal Mining Concession

- 2,610 hectares mining concession
- Coal resources estimates of 257 million tonnes, inclusive of coal reserves
- Coal reserves estimates of 56.4 million tonnes
- Calorific value of 4,828 kcal/kg – 4,980 kcal/kg (arb)

SOUTH SUMATRA BASIN

WRL Coal Mining Concession

- 4,739 hectares mining concession
- Coal resources estimates of 183 million tonnes, inclusive of coal reserves
- Coal reserves estimates of 69.9 million tonnes
- Calorific value of 2,834-2,912 kcal/kg (arb)

OPERATIONS **REVIEW**

COAL MINING DIVISION

Our Coal Mining Division is principally engaged in the exploration, mining, processing and marketing of thermal coal sourced from its principal coal mining concession areas in Indonesia, which are in South Kalimantan and Jambi (a province in Sumatra). Under the concessions issued by the Indonesian Government, our Coal Mining Division has exclusive mining rights over concession areas covering an aggregate of approximately 42,904 hectares. These concessions are held through the Group's subsidiaries, namely PT Borneo Indobara, PT Kuansing Inti Makmur, PT Trisula Kencana Sakti and PT Wahana Rimba Lestari, a subsidiary of PT Era Mitra Selaras. Since March 2012, PT Trisula Kencana Sakti has been placed under temporary care and maintenance whilst awaiting a sustainable recovery of the coal market. In September 2016, the Group had acquired the entire share capital of PT Era Mitra Selaras, making it a 100% owned subsidiary of PT Golden Energy Mines Tbk.

As at 31 December 2016, our Coal Mining Division collectively owns the rights to mine more than 2.3 billion tonnes of thermal coal resources estimates, with coal reserves estimates of more than 770 million tonnes ("MT").

In all our concession areas, our Coal Mining Division uses the open cut mining method, which includes the exploration, planning and clearing of required surface areas, mining, transportation, distribution of coal and rehabilitation. Third party contractors play important roles in performing the mining operations under the supervision of our management of our Coal Mining Division.

Our Coal Mining Division produced a total volume of 9.5 MT of thermal coal in 2016, an increase of 9.2% from 2015 production volume of 8.7 MT. Our BIB's production volume which contributed 78.4% from the overall 2016 production volume, showed an increase in volume by 19% from 6.3 MT in 2015 to 7.5 MT in 2016, successfully reaching the maximum output limit approved by the Indonesian Government in September 2016. KIM's production volume decreased by 16.7% from 2.4 MT in 2015 to 2.0 MT in 2016.

GEAR has sought approval from the Indonesian Government to raise BIB's coal production output to 12 MT for 2017. Presently, the Group is optimistic in its ability to obtain the approval, which will place it on track in achieving its target aggregated coal production volume of 14 MT for FY2017.

The increase in production output in BIB will be supported by GEAR's wholly-owned transport infrastructure, which includes conveyor belts that enable direct loading onto large barges in the Java Sea, a dedicated port and BIB-controlled hauling roads.

COAL TRADING DIVISION

Our Coal Trading Division commenced its coal trading business in April 2010 and with it, the Group was able to access to different varieties of coal which facilitated blending opportunities with our own mined coal. The ability to blend coal provided the Group an avenue for improved value addition and also helped cater to a wider market segment. Currently, our coal trading business consists of procuring sales orders from customers and sourcing for domestic suppliers. The thermal coal in the Group's coal trading business is generally of higher calorific value than those mined by our Coal Mining Division.

Our Coal Trading Division sold a total volume of 1.25 MT in 2016, a 19.0% increase from 2015 sales volume of 1.05 MT.

The international customers of our Coal Mining and Coal Trading Divisions typically consist of traders and end users. The markets include China, India, Thailand, Phillipines, Korea and Malaysia. Domestic customers of these Divisions include power plant operators, pulp and paper factory operators, cement industry and coal trading companies that purchase coal for resale purposes.

FORESTRY DIVISION

The Group holds a forestry concession right of 265,095 hectares in four regions at South Kalimantan, Indonesia. Out of the total concession rights, approximately 3,250 hectares of the forestry concession area has been planted with Acacia Mangium; Jabon; Sengon; and Rubber trees; and 1,480 hectares of natural forest plantation. In addition, the Division has, during the year, performed various research and development activities for potential commodities to maintain its sustainability and diversity.

The Forestry Division sold a total volume of approximately 189,719m^3 of logs in 2016. The Division's major customer is a domestic pulp and paper factory operator.

FINANCIAL **REVIEW**

FINANCIAL PERFORMANCE REVIEW

"Revenue" comprises mainly revenue generated from our Coal Mining, Coal Trading and Forestry Divisions.

An increase in demand for coal in the second half of FY2016 coupled with a less than proportionate increase in coal supply has resulted in coal prices increasing in FY2016, after four years of downtrend in coal prices. As a result, our Group recorded higher revenue of US$393.3 million for FY2016 as compared to US$359.8 million in FY2015. Our Coal Mining Division continued to perform well in FY2016, our coal production increased from 8.7 million tonnes in 2015 to 9.5 million tonnes in 2016. Revenue contributed by our Coal Mining Division increased from US$300.4 million in FY2015 to US$329.5 million this year, as a result of higher production and sales volumes as well as higher average sales realisation price. Revenue from our Coal Trading Division increased from US$52.8 million in FY2015 to US$54.8 million in FY2016 mainly due to higher sales volume offset by lower average sales realisation price. Our Forestry Division recorded revenue of US$7.1 million in FY2016 as compared to US$6.4 million in FY2015 due to higher average sales realisation price offset by lower sales volume.

Our customers comprise domestic and international traders as well as end-users. Domestic sales contributed 58.3% towards our Group's revenue in FY2016. As for export sales, our customers from China and India accounted for 91.1% of our total coal export sales in FY2016 as compared to 95.1% in FY2015. Our Group had also recognised sales to Korea and Thailand in FY2016.

"Cost of sales" increased from US$248.0 million in FY2015 to US$249.2 million in FY2016, in line with higher sales activities from our Coal Mining Division and our Coal Trading Division offset by a lower sales volume from our Forestry Division.

"Gross profit" increased from US$111.7 million in FY2015 to US$144.1 million in FY2016 due to the above factors.

"Other income" increased from US$5.2 million in FY2015 to US$13.8 million in FY2016, mainly due to increases arising from foreign exchange gain of US$0.3 million, interest income from loan granted to third parties of US$2.1 million, overprovision of withholding tax expenses of US$1.9 million and interest expense of US$4.0 million.

"Selling and distribution expenses" decreased from US$67.3 million in FY2015 to US$56.4 million in FY2016, mainly due to decrease in freight expenses for coal sales as a result of increased sales on FOB barge basis.

"Administrative expenses" remained relatively stable for FY2016.

"Other operating expenses" decreased from US$8.3 million in FY2015 to US$5.4 million in FY2016 mainly due to absence of foreign exchange loss.

"Fair value loss on biological asset" and "Finance costs" were relatively stable for FY2016.

"Income tax expenses" increased from tax credit of US$1.1 million in FY2015 to tax expense of US$14.0 million in FY2016 as a result of higher taxable profit during the year.

Due to the factors above, our Group reported a net profit of US$33.7 million in FY2016 as compared to a net loss of US$8.7 million in FY2015.

FINANCIAL POSITION REVIEW

"Biological assets" decreased by US$3.8 million as a result of fair value change in biological assets.

"Mining properties" increased by US$20.6 million primarily on account of mining properties from the acquisition of new subsidiaries, offset by amortization during the period under review.

"Deferred tax assets" decreased by US$1.5 million due to the utilization of prior years' deferred tax benefits.

"Other non-current assets" decreased by US$23.8 million mainly due to lower tax refund and lower guarantee deposits on mining services.

"Inventories" decreased by US$7.9 million mainly due to lower coal inventory volume as compared to 31 December 2015.

"Trade and other receivables" (Current and non-current assets) decreased by US$12.0 million mainly due to improved collection.

"Other current assets" increased by US$13.3 million mainly due to an increase of advance payment of US$12.9 million to coal suppliers during the period under review.

"Cash and cash equivalents" increased by US$34.6 million mainly due to net cash flows generated from operating activities and proceeds from compliance placement offset by net cash outflow on acquisition of subsidiaries and repayment of loans and borrowings.

"Trade and other payables" (Current liabilities) decreased by US$25.5 million mainly due to lower purchase of coal inventories as at December 2016 and prompt payment to suppliers as compared to December 2015.

"Provision for taxation" increased by US$8.2 million as a result of the increase in taxable profit during the period under review.

"Loans and borrowings" due within the next twelve months decreased by US$18.4 million as a result of loans settlements during the period under review.

"Post-employment benefits" increased by US$0.4 million mainly due to higher employees benefit liability during the period under review.

"Loans and borrowings" due after the next twelve months decreased by US$57.5 million mainly due to loan repayment and the settlement of loans.

"Deferred tax liabilities" increased by US$6.5 million mainly due to the acquisition of new subsidiaries.

As at 31 December 2016, our Group's net assets stood at US$384.8 million with loans and borrowings totaling US$49.7 million, out of which US$2.3 million are due within the next twelve months.

CASH FLOW REVIEW

"Net cash generated from operating activities" of US$54.4 million comprised operating cash inflow before working capital changes of US$78.4 million, net working capital outflow of US$15.8 million and income tax paid and interest and other financial charges paid of US$3.7 million and US$9.6 million respectively and interest income received of US$5.2 million.

"Net cash flows used in investing activities" of US$26.3 million was mainly due to (1) net cash outflow on acquisition of subsidiaries of US$37.0 million; (2) additions to mining properties of US$5.6 million; (3) additions to biological assets of US$0.5 million; (4) purchase of property, plant and equipment of US$2.5 million; and (5) changes in restricted fund of US$0.3 million offset by decrease in other non-current assets of US$19.6 million.

"Net cash flows generated from financing activities" of US$4.1 million was mainly due to proceeds from compliance placement of US$84.2 million and proceeds from loans and borrowings of US$18.1 million offset with repayment of loans and borrowings of US$92.6 million and payment of dividend to non-controlling interests of subsidiaries of US$5.6 million.

As a result of the above, our Group's cash and cash equivalents position increased from US$44.5 million at 31 December 2015 to US$79.1 million at 31 December 2016.





FINANCIAL **HIGHLIGHTS**

CONSOLIDATED INCOME STATEMENT (US$'000)	**2016**	2015	2014	2013	2012
Revenue	**393,272**	359,771	435,953	424,152	422,413
Gross Profit	**144,105**	111,729	146,783	82,402	70,750
EBITDA[1]	**74,092**	37,517	37,942	43,509	27,490
Net Profit/(Loss) after Tax [4]	**33,664**	(8,657)	10,819	21,412	13,663
Core Net Profit/(Loss)[2]	**24,282**	(1,423)	9,005	6,297	10,403
Net Profit/(Loss) Attributable to Owners of the Company	**22,006**	(9,395)	10,791	21,228	14,303
Weighted Average Number of Shares[10]('000)	**5,155,305**	4,518,823	3,050,971	3,050,971	3,050,971
Core Net Profit/(Loss)[2] per Share (US Cents)	**0.47**	(0.03)	0.30	0.21	0.34
Earnings per Share (US Cents)	**0.43**	(0.21)	0.35	0.70	0.47

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (US$'000)	**2016**	2015	2014	2013	2012
Total Assets	**519,186**	493,494	315,639	327,965	347,288
Total Current Assets	**226,713**	198,276	141,302	152,758	183,449
Total Current Liabilities	**73,063**	108,671	64,053	83,337	52,367
Total Non-Current Liabilities	**61,334**	111,663	3,528	2,829	3,327
Net Tangible Assets	**228,819**	143,855	222,771	217,357	259,295
Non-Controlling Interests	**87,730**	82,085	716	530	478
Equity Attributable to Owners of the Company	**297,059**	191,075	247,342	241,269	291,116
Number of Shares[11]('000)	**2,353,100**	2,170,120	3,864,251	3,864,251	3,864,251

RATIOS	**2016**	2015	2014	2013	2012
Gross profit margin	**37%**	31%	34%	19%	17%
EBITDA[1] margin	**19%**	10%	9%	10%	7%
Core net profit/(loss)[2] margin	**6%**	0%	2%	1%	2%
Net profit/(loss)[3] margin	**6%**	-3%	2%	5%	3%
Return on equity[5]	**7%**	-5%	4%	9%	5%
Return on assets[6]	**4%**	-2%	3%	6%	4%
Current ratio (times)	**3.10**	1.82	2.21	1.83	3.50
Gearing Ratio[7] (times)	**0.10**	0.47	0	0.07	(0.21)
Net Tangible Assets per share (US Cents)	**9.72**	6.63	5.76	5.62	6.71
Receivable turnover[8] (days)	**48**	49	41	49	35
Inventory turnover[9] (days)	**18**	19	14	11	9

Notes:

(1) EBITDA = earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation

(2) Core net profit/(loss) = net profit/(loss) attributable to owners of the Company excluding the net effect of net gain or loss from changes in fair value of biological assets, foreign exchange gain or loss and exceptional items (net of tax and non-controlling interests)

(3) Net profit/(loss) = net profit/(loss) attributable to owners of the Company

(4) Net profit/(loss) after tax = Profit/(Loss) before tax - income tax (expense)/benefit

(5) Return on equity = net profit/(loss) attributable to owners of the Company / equity attributable to owners of the Company

(6) Return on assets = net profit/(loss) attributable to owners of the Company / total assets

(7) Gearing ratio = net debts[12]/(equity attributable to owners of the Company + net debts[12])

(8) Receivable turnover = average trade receivables / revenue * 365

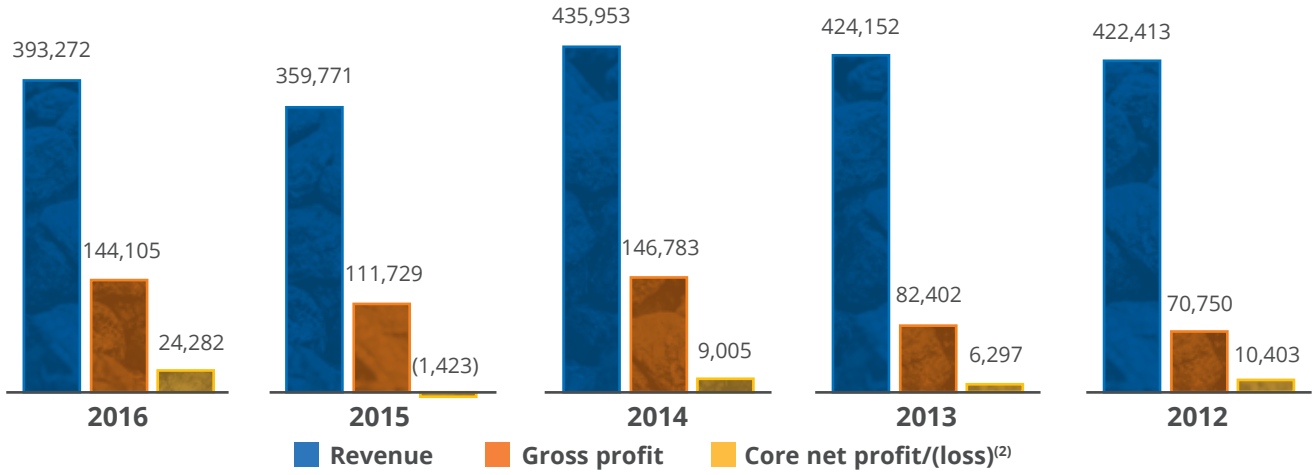
(9) Inventory turnover = average inventory / cost of sales * 365

(10) Please refer to Note 9 to the Consolidated Financial Statements for explanation

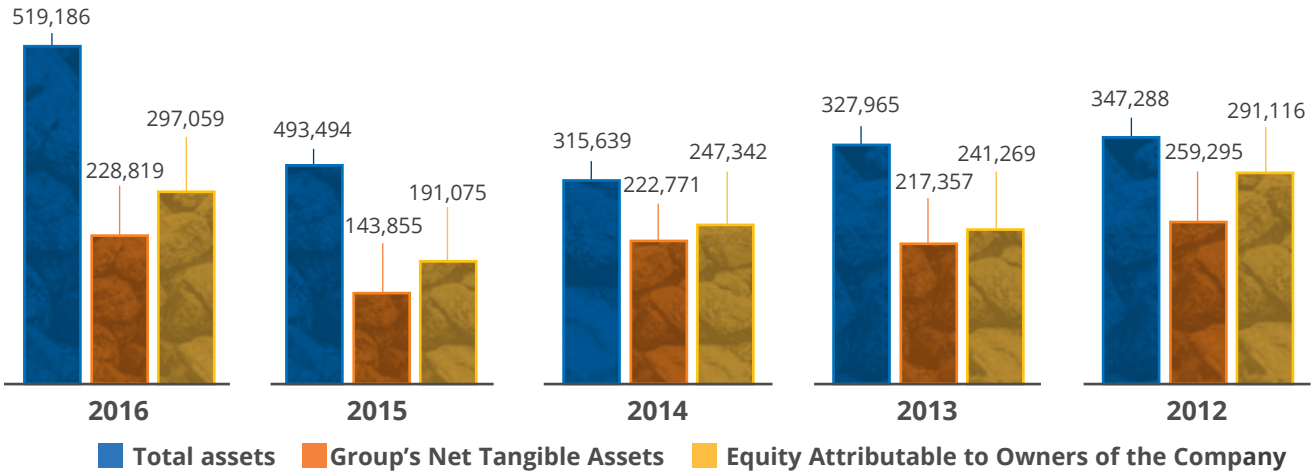
(11) Please refer to Note 26 to the Consolidated Financial Statements for explanation

(12) Net debts = total borrowings + trade and other payables - cash and cash equivalents

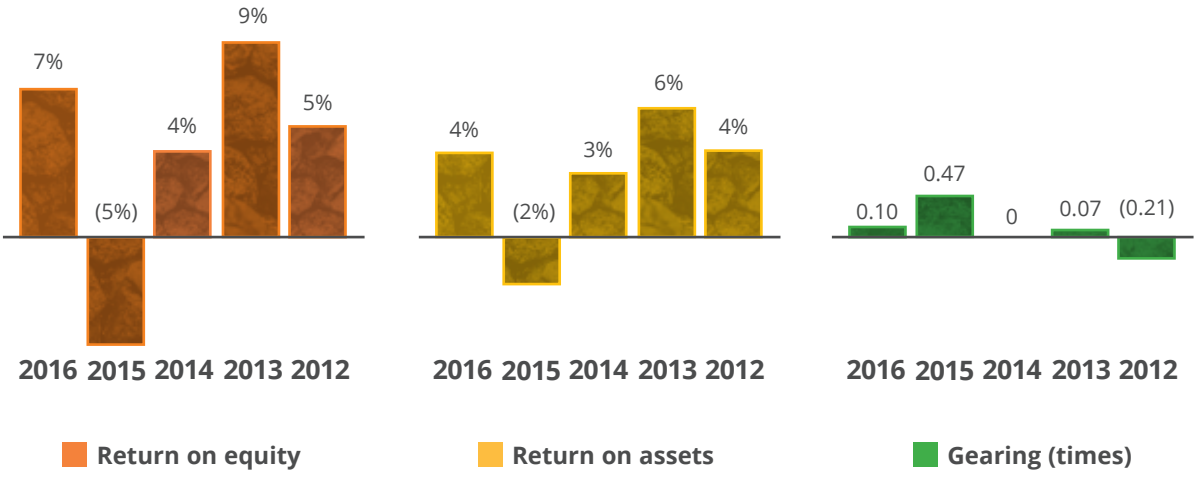
CONSOLIDATED INCOME STATEMENT



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

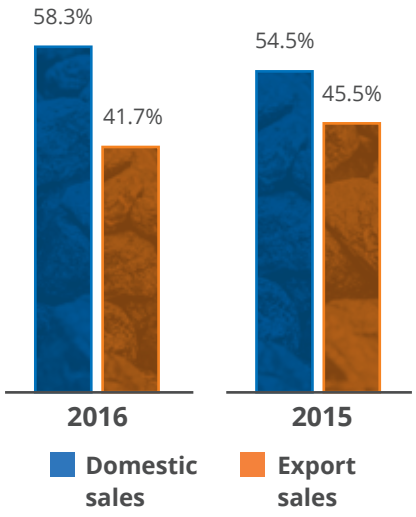


RATIOS

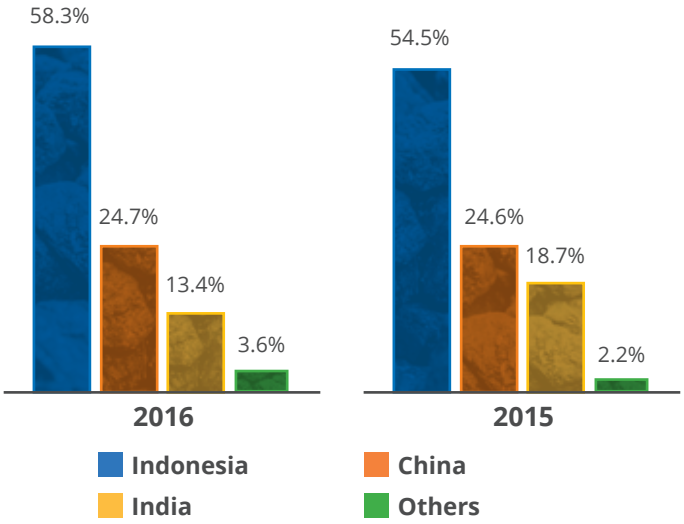


FINANCIAL **HIGHLIGHTS**

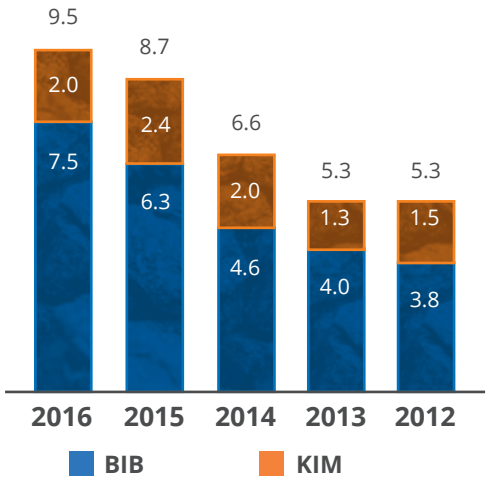
REVENUE MIX



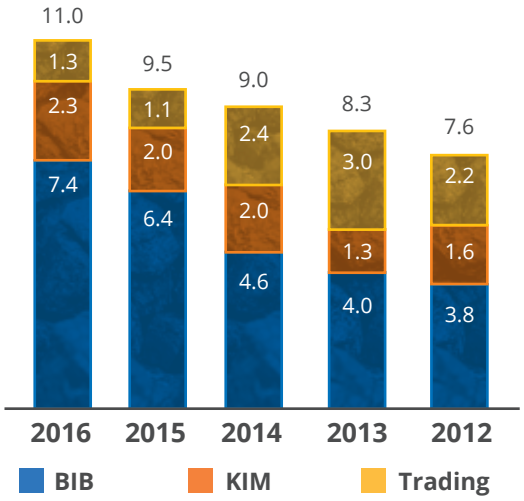
REVENUE BASED ON GEOGRAPHICAL AREA



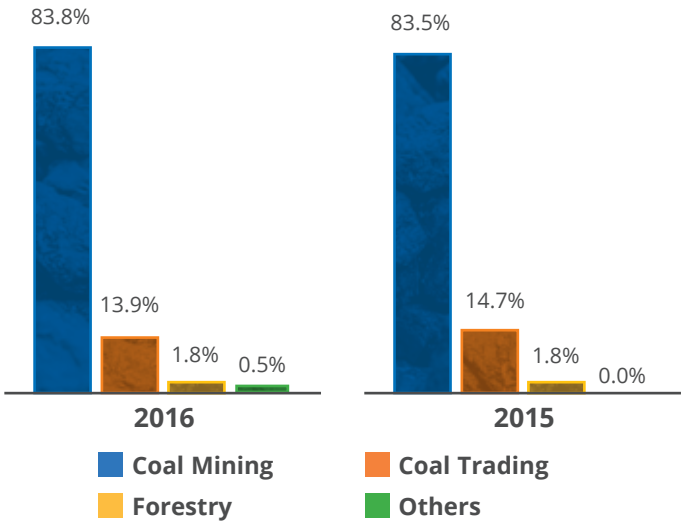
PRODUCTION VOLUME (MILLION TONNES)



SALES VOLUME (MILLION TONNES)



REVENUE BASED ON BUSINESS SEGMENT



COAL RESOURCES & **RESERVES STATEMENT**

As at 31 December 2016

1. Name of Asset / Country: BIB Coal Mine / Indonesia

		Gross Attributable to Licence [1]		Net Attributable to the Company		
Category	Mineral Type	Tonnes (Millions)[4]	Grade	Tonnes (Millions)	Grade	Change from previous update (%)[2]
Reserves						
Proved	Coal	516.1	Sub-bituminous B	339.2	Sub-bituminous B	-0.47%
Probable	Coal	135.8	Sub-bituminous B	89.3	Sub-bituminous B	-0.22%
Total		**652.0**	**Sub-bituminous B**	**428.5**	**Sub-bituminous B**	**-0.42%**
Resources [3]						
Measured	Coal	916	Sub-bituminous B	602	Sub-bituminous B	-0.33%
Indicated	Coal	335	Sub-bituminous B	220	Sub-bituminous B	0.09%
Inferred	Coal	565	Sub-bituminous B	371	Sub-bituminous B	0.08%
Total		**1,817**	**Sub-bituminous B**	**1,194**	**Sub-bituminous B**	**-0.07%**

Notes:
(1) CCoW license issued by the Ministry of Energy and Mineral Resources
(2) Previous coal resources and coal reserves estimates were reported as at 31 August 2016
(3) Coal resources are inclusive of coal reserves
(4) Individual totals may differ due to rounding

The decrease in resources and reserves estimates are mainly due to production.
The movement in the reserves estimates was a result of changes in coal prices and operating cost parameters.



COAL RESOURCES & **RESERVES STATEMENT**

As at 31 December 2016

2. Name of Asset / Country: KIM Coal Mine / Indonesia

		Gross Attributable to Licence [1]		Net Attributable to the Company		
Category	Mineral Type	Tonnes (Millions)[4]	Grade	Tonnes (Millions)	Grade	Change from previous update (%)[2]
Reserves						
Proved	Coal	42.3	Sub-bituminous B	28.3	Sub-bituminous B	-2.08%
Probable	Coal	14.1	Sub-bituminous B	9.4	Sub-bituminous B	0.00%
Total		**56.4**	**Sub-bituminous B**	**37.8**	**Sub-bituminous B**	**-1.31%**
Resources [3]						
Measured	Coal	113	Sub-bituminous B	76	Sub-bituminous B	-0.39%
Indicated	Coal	59	Sub-bituminous B	40	Sub-bituminous B	-1.25%
Inferred	Coal	85	Sub-bituminous B	57	Sub-bituminous B	-0.18%
Total		**257**	**Sub-bituminous B**	**172**	**Sub-bituminous B**	**-0.46%**

Notes:
(1) IUP license issued by the Keputusan Bupati Bungo
(2) Previous coal resources and coal reserves estimates were reported as at 31st August 2016
(3) Coal resources are inclusive of coal reserves
(4) Individual totals may differ due to rounding

The decrease in resources and reserves estimates are mainly due to production.

3. Name of Asset / Country: TKS Coal Mine / Indonesia

		Gross Attributable to Licence [1]		Net Attributable to the Company		
Category	Mineral Type	Tonnes (Millions)[4]	Grade	Tonnes (Millions)	Grade	Change from previous update (%)[2]
Reserves						
Proved	Coal	0	Sub-bituminous B	-	Sub-bituminous B	N.M
Probable	Coal	0	Sub-bituminous B	-	Sub-bituminous B	N.M
Total		**0**	**Sub-bituminous B**	**-**	**Sub-bituminous B**	**N.M**
Resources [3]						
Measured	Coal	24.7	Sub-bituminous B	12	Sub-bituminous B	-38.95%
Indicated	Coal	26	Sub-bituminous B	12	Sub-bituminous B	103.33%
Inferred	Coal	24	Sub-bituminous B	11	Sub-bituminous B	-5.83%
Total		**74.7**	**Sub-bituminous B**	**35**	**Sub-bituminous B**	**-5.41%**

Notes:
(1) IUP license issued by the Keputusan Bupati Bungo
(2) Previous coal resources estimates were reported as at 31st July 2014
(3) Coal resources are inclusive of coal reserves
(4) Individual totals may differ due to rounding

The movement in the resources estimates was due to change in the interpretation of geological data.

4. Name of Asset / Country: WRL Coal Mine / Indonesia

	Gross Attributable to Licence [1]			Net Attributable to the Company		
Category	Mineral Type	Tonnes (Millions)[4]	Grade	Tonnes (Millions)	Grade	Change from previous update (%)[2]
Reserves						
Proved	Coal	23.9	Sub-bituminous B	16.0	Sub-bituminous B	-11.60%
Probable	Coal	45.9	Sub-bituminous B	30.8	Sub-bituminous B	12.00%
Total		**69.9**	**Sub-bituminous B**	**46.8**	**Sub-bituminous B**	**2.63%**
Resources [3]						
Measured	Coal	40	Sub-bituminous B	26	Sub-bituminous B	14.53%
Indicated	Coal	58	Sub-bituminous B	39	Sub-bituminous B	-3.23%
Inferred	Coal	85	Sub-bituminous B	57	Sub-bituminous B	-4.53%
Total		**183**	**Sub-bituminous B**	**123**	**Sub-bituminous B**	**0.00%**

Notes:
(1) IUPOP license issued by the provincial government of South Sumatra
(2) Previous coal resources estimates were reported as at 16 May 2016
(3) Coal resources are inclusive of coal reserves
(4) Individual totals may differ due to rounding

The movement in the coal resources and reserves estimates was a result of changes in operating cost parameters.
WRL coal concession was acquired in September 2016.

EXPLORATION (INCLUDING GEOPHYSICAL SURVEYS), DEVELOPMENT AND PRODUCTION ACTIVITIES

The Group has conducted infill exploration, including geophysical surveys, during the financial period in BIB and KIM Mines. The purpose of the exploration was to identify subsurface geological conditions related to coal in detail to improve the production planning.

The Group has performed mining development in its BIB concession during the period under review.

The Mines have processed an aggregate of 9,514,499 metric tonnes of Sub-bituminous B coal for the financial year ended 31 December 2016. No mines under construction have been transferred to producing mines during the period under review.

The Group has capitalised approximately US$9.3 million in exploration activities, and expensed US$0.2 million in the ordinary course of regional exploration and US$138.8 million in production mines.

CORPORATE SOCIAL **RESPONSIBILITY**

At GEAR, Corporate Social Responsibility ("**CSR**") is one of the key pillars of our management's strategy and is always an important priority approach towards implementing our Group's overall plans. We believe the safety of all our employees and the communities which we operate in are of utmost importance to us. GEAR's CSR compliments this with our belief in caring for the environment by ensuring sustainability and minimal impact to the environment. At GEAR, we commit to our CSR program at all levels, from management to our operation workforce. Our CSR program is intended to empower the communities which we operate in to generate sustainable economic development, education, religion, environment and health infrastructures. Our Group contributes to the communities surrounding our concession mines to improve their welfare and the environment through various activities to generate a long-term mutually beneficial partnership. The activities are, amongst others include, employees development and direct involvement in the communities; all of which ensure the continuity of our Group's business growth in the future and mitigation of some of our potential risks.

The main objectives of our CSR are as follows:

- Implement a sustainable long term CSR program
- Maintain and preserve the environment
- Improve the welfare and quality of communities
- Ensure health and safety of employees and communities
- Develop a good long lasting relationship with communities in our operational areas
- Empower communities by supporting economic activities to improve their well-being and independence
- Synergize our CSR activities with community development projects initiated by the government



GROUP'S CSR PROGRAM

Our Group's CSR Program can be categorised into four main areas namely (i) environment; (ii) manpower, occupational health and safety; (iii) social development, education and community relations; and (iv) responsibility on goods and services.

ENVIRONMENT

At GEAR, we believe we must be good stewards of the environment and our workforce has been steadfastly maintaining and preserving the environment for mankind and committed to improve the welfare quality of the communities in the vicinity of our operations.

A testament to our tireless efforts in maintaining and preserving the environment, our Group has been recognised with awards on environmental management. Both KIM and BIB have again received awards including, amongst others, certificates from the Ministry of the Environment for our achievement and performance in mining environment management and monitoring for 2015 - 2016.

Our Group has formulated comprehensive standard operating procedures ("**SOP**") to respond to emergencies and disasters which may cause environmental polution such as chemical leaking, fuel leaking and damages arising from incidents in the mining environment.

To further raise awareness on protecting the environment, our Group carries out the following activities on a regular basis:

- Develop sustainable and clean water infrastructure for the communities
- Ensure effective air and water pollution control measures
- Implement palm oil cultivation program for the communities in the vicinity of BIB's operational area
- Run zero waste programs in KIM's mining area, ensuring minimal wastage as all wastes from canteens, animal feed and waste to be processed into fertilizers
- Recycle drums as waste bins and to plant fruit crops in pots (*tambulampot*) and implementing Small and Medium Enterprises (UKM) empowerment program on products made from rags.



MANPOWER, OCCUPATIONAL HEALTH AND SAFETY

At GEAR, strong emphasis is placed on Manpower, Occupational Health and Safety ("**K3**") in the entire Group's operations. Our Group is committed to comply strictly with K3 regulations, adhere to our risk management system, determine measurable K3 and strive to achieve sustainable performance.

To ensure a holistic approach towards K3, our Group has an SOP ensuring that our operational workforce donned Personal Protective Equipment ("**PPE**") at all times in the mining areas. We also have on standby an Emergency Response Team ("**ERT**") which would respond to immediate situations and incidents on the operational site. We have established medical clinics with appointment of paramedics and crafted out detailed plans to ensure our workforce goes for regular medical checkups. We also establish cooperation with local doctors to cover emergencies in our mining operational areas. As a result of our commitment, KIM reached 22 million of zero lost time incident hour up to 2016.

We believe that human capital is one of our most valuable assets. Hence in addition to health, safety and environmental aspects, our Group has established a corporate culture centered at human resources. As such, we continuously support the progress of welfare, knowledge and skills of our employees. We support fair work opportunity for all employees. We are also proud to highlight within our Group, a healthy number of female executives are part of our workforce from executive to management level.

SOCIAL DEVELOPMENT, EDUCATION AND COMMUNITY RELATIONS

We believe in developing good community programs with our three prong approach namely, (i) engaging community relations; (ii) enhancing education; and (iii) establishing in the development of communities which reside near our Group's operations. There is no better way than to employ from these communities directly. On this front, more than 70% of our workforce comprise of members from the local villages and communities surrounding our operational areas.

Our three key foundations towards this effort include:

1. Engaging Community Relations

We believe in cultivating strong and deep relationships with the various communities which are amongst our operations. We arrange meetings with various representatives from the communities on a regular basis to receive feedback on how we can improve the lives of the community.

Our workforce participates directly in various religious or holiday events to build comrade between the communities and us. We also contribute, via donations, to various causes which would help the communities. One such event is participation of our Group in the Nutritions for Toddlers in Public Maternal Health Center ("***Posyandu***"), including the donation of supplementary food and milk distribution for toddlers participating in

CORPORATE SOCIAL **RESPONSIBILITY**

the *Posyandu*. We contribute supplementary powdered milk for underpriviledged families and toddlers suffering from malnutrition, supervision for expectant mothers & toddlers including dental health for children; construction of *Posyandu* facilities, mass circumcission and procurement of medical equipment at community health centers in the vicinity of mining areas.

We believe in educating and grooming the communities towards self-sufficiency. One way is through the extension of economic assistance to help the communities better their quality of lives such as cattle farming; goat farming; freshwater fish farming; oyster mushroom and hydroponic vegetables farming, as well as UKM empowerment for culinary sellers. We also supported "Program Sejuta Jamban" in Muara Bungo, Jambi, for the procurement of clean water facilities and establishment of praying facilities, schools and medical services.

2. Enhancing Education

We believe education has direct effects on a better quality and standard of living. Our Goup plays a direct role in enhancing education by sponsoring scholarships, hosting various tutoring programs and organising computer courses. We also enhance the learning environment for the next generation directly via donations to learning institutions and improving the infrastructure of local libraries. We are a great believer in continuous improvement and hence we support the education community by conducting competency improvement for teachers.

3. Establishing Community Development

At GEAR, we believe that delivering value to our shareholders is just as important as delivering value to our various stakeholders and partners. We are encouraged by the successful participation of the various communities participation in our CSR program.

Community development is mainly focused on improving the community's economy through utilization of unoptimized natural resources such as animal husbandry, horticulture and fishery. In addition, our Group also provides training to the surrounding villages or at the P3T (*Pusat Pelatihan Pertanian Terpadu* – Integrated Farming Education Center).

Based on the aforementioned activities, we expect to provide positive contributions to the communities through our CSR program. Some of our major CSR activities in Community Development include Chicken Farming Program and Cattle Farming Program.

a. Chicken Farming Program

The CSR program on chicken farming is currently being implemented at 3 villages, namely Sebamban Baru Village, Sebamban Lama Village and Makmur Village. These three villages are located at South Kalimantan.

Our BIB CSR team prepares 8x70 mm coop capable of holding 5.000 chickens and other required equipment. BIB CSR team cooperates with Village Cooperatives ("**KUD**") at the above villages to seek





out strategic land for chicken coops construction, hire and train staffs who will monitor and perform activities in the farm.

Each KUD team consists of approximately 10 members per team. Their task is to manage profits derived from the sale of chickens. Out of the profits gained from the sales, around 70 percents of the profit shall be distributed to KUD members. The remaining 30% of the profit will be reserved and later used to establish new chicken coops. It is expected that the villages will be capable of self-maintaining the coops without BIB's involvement.

Our BIB CSR team is also working with PT Patriot as a poultry company. PT Patriot is tasked to prepare the poultry, feed and vitamins. The staff of PT Patriot will return to the coops to harvest the poultry on day 30. The results of the sale will be substracted with operating costs (feed, vitamins, etc.). The remaining gain will become the net profit that will be distributed to KUD members.

Several harvests have been conducted in this chicken farming program with various results. It requires approximately 30 days following the harvest to clean and sterilize the coops before the staff load the coops with new poultry.

b. Cattle Farming Program

Through KIM, our Group has been implementing cattle farming program for 15 cows on average for each farmer.

In all activities implemented through cattle farming activities, we cooperate with local residents of the village. The representatives from the village recommend certain farmers that meet the requirements to participate in the program. The representatives also cooperates with our Group in monitoring activity. The cooperation scheme in this program is called 3M (Masyarakat Memberdayakan Masyarakat – By the People, For the People) and implemented through profit sharing. The distribution of the profit is: 50% for the farmers and 50% for the village. Through this scheme, it is expected that the village receiving this CSR support can establish its own business (Cooperatives/ Bumdes) and generate its own income.

RESPONSIBILITY ON GOODS AND/OR SERVICES

As our Group's principal businesses are in coal mining and trading, we strive to maintain coal quality in line with the customers' demands and the implementation of timely coal transportations.

To ensure the implementation of timely coals transportations, our Group establishes specific terminals for coals transportation through BIB, its subsidiary.

We also perform regular evaluation on CSR program as a commitment on continuous improvement on awareness on the community in the vicinity of our operations. This is so that we will continue to improve and ensure the success and welfare of our Group, stakeholders and the various communities in accordance with our Group's strategy.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Mr. Lay Krisnan Cahya
Non-Executive Chairman
Mr. Fuganto Widjaja
Executive Director, Group CEO
Mr. Dwi Prasetyo Suseno
Executive Director, Deputy Group CEO
Mr. Mochtar Suhadi
Executive Director
Mr. Irwandy Arif
Independent Director
Mr. Lew Syn Pau
Independent Director
Mr. Lim Yu Neng Paul
Independent Director

AUDIT COMMITTEE

Mr. Lim Yu Neng Paul
Chairman
Mr. Lay Krisnan Cahya
Mr. Lew Syn Pau

NOMINATING COMMITTEE

Mr. Lew Syn Pau
Chairman
Mr. Lim Yu Neng Paul
Mr. Fuganto Widjaja

REMUNERATION COMMITTEE

Mr. Lew Syn Pau
Chairman
Mr. Lay Krisnan Cahya
Mr. Lim Yu Neng Paul

COMPANY SECRETARY

Ms. Pauline Lee

EXTERNAL AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Tel: 6535 7777
Fax: 6532 7662

AUDIT PARTNER-IN-CHARGE

Mr. Alvin Phua Chun Yen
(appointed with effect from financial year ended 31 December 2012)

INTERNAL AUDITOR

Center for Investment and Business Advisory
(Member of Crowe Horwath International)
Cyber 2 Tower 21st Floor
Unit A, B, F,
Jl. H.R. Rasuna Said Blok X-5
Jakarta 12950, Indonesia

AUDIT PARTNER-IN-CHARGE

Mr. Jenly Hendrawan

REGISTERED OFFICE

10 Collyer Quay
#10-01 Ocean Financial Centre
Singapore 049315
Tel: 6531 2266
Fax: 6533 1542

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

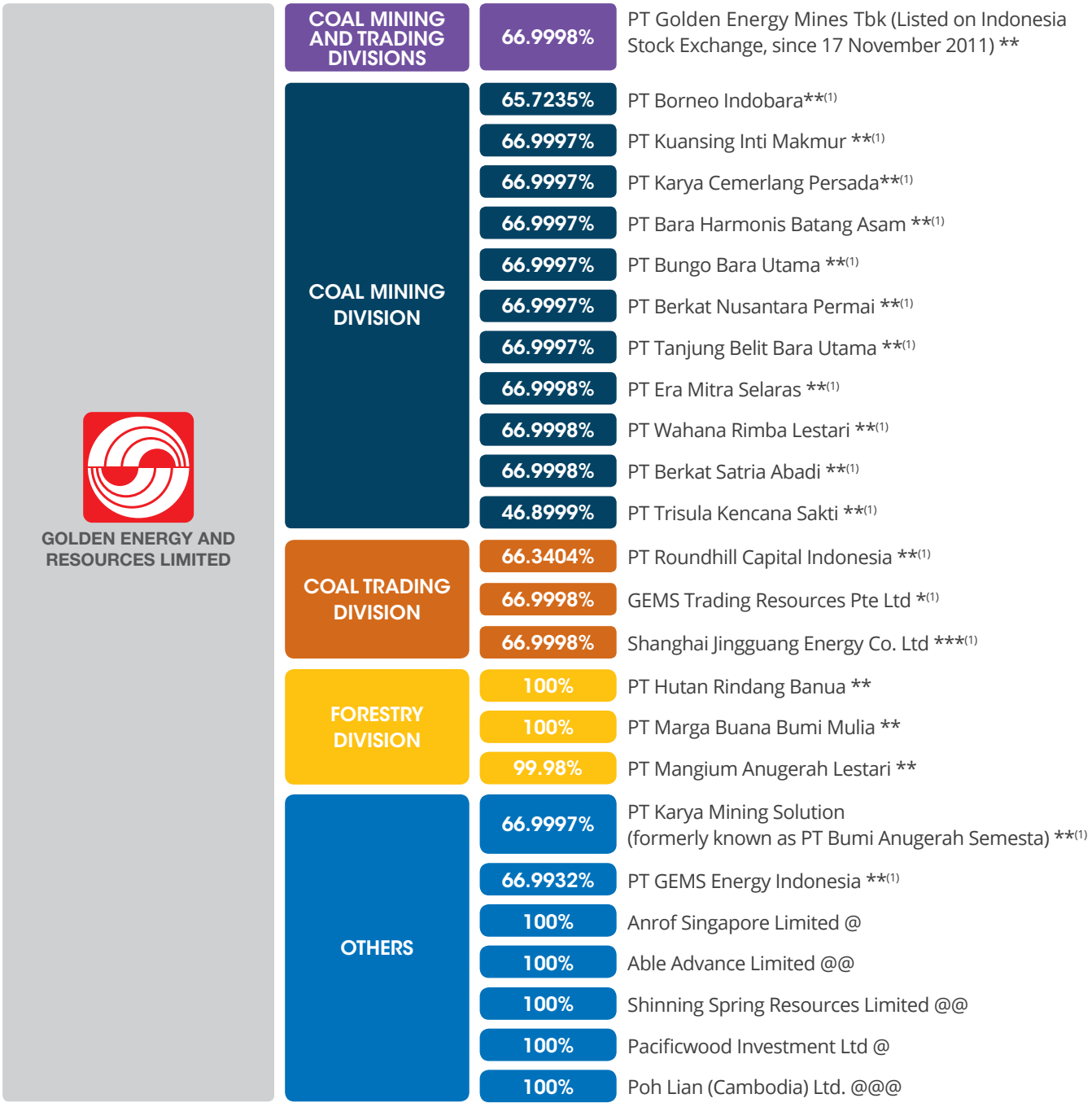
Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: 6536 5355
Fax: 6536 1360

PRINCIPAL BANKER

CIMB Berhad Singapore
PT Bank Danamon Indonesia Tbk, Indonesia
PT Bank Rakyat Indonesia (Persero) Tbk
PT Bank Mega Tbk , Indonesia
PT Bank Sinarmas Tbk, Indonesia
PT Bank Central Asia Tbk
PT Bank CIMB Niaga Tbk
Bank Mandiri Singapore

CORPORATE **STRUCTURE**

Golden Energy And Resources Limited*
Listed on the Mainboard of SGX-ST since 15 May 1997



(1) Subsidiaries of PT Golden Energy Mines Tbk
*Singapore
**Indonesia
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CORPORATE GOVERNANCE **REPORT**

The Board of Directors and Management of Golden Energy and Resources Limited (the "**Company**") are committed to continually enhancing shareholders value by maintaining high standards of corporate governance, business integrity and professionalism in all its activities.

This Report sets out the corporate governance processes of the Company and its subsidiaries (the "**Group**") with specific reference to the principles of the Code of Corporate Governance 2012 (the "**Code**") and the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**"), and provides explanation for deviations. For easy reference, the principles of the Code are set out in italics in this report.

A. BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The primary function of the Board of Directors of the Company (the "**Board**") is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board has the responsibility to fulfill its role which includes the following:-

(a) ensuring that the long-term interests of the shareholders are being served and safeguarding the Company's assets;

(b) assessing major risk factors relating to the Company and its performance, and reviewing measures, including internal controls, to address and mitigate such risks;

(c) reviewing and approving Management's strategic and business plans, including developing a depth of knowledge of the business being served, understanding and questioning the assumptions upon which plans are based, and reaching an independent judgement as to the probability that the plans can be realised;

(d) monitoring the performance of Management against plans and goals;

(e) reviewing and approving significant corporate actions and major transactions, such as major changes to the Group's management and control structure; material acquisitions and disposal of assets or investments; major funding proposals; financial reporting and dividends; and any other matters which requires board or shareholders approval pursuant to the SGX-ST Listing Manual, Companies Act, Cap. 50 or other applicable rules and regulations;

(f) assessing the effectiveness of the Board;

(g) ensuring ethical behaviour (including ethical standards) and compliance with laws and regulations, auditing and accounting principles and the Company's own governing documents;

(h) identifying key stakeholder groups and recognising that their perceptions affect the Company's reputation; and

(i) performing such other functions as are prescribed by law, or assigned to the Board in the Company's governing documents.

All Directors are expected to fulfill their duties to objectively take decisions in the interests of the Company.

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The Board currently consists of seven members, as shown below together with their membership on the Board committees of the Company (collectively, the "**Board Committees**" or individually, the "**Board Committee**") as of the date of this report:

Name	Board Appointment	Board Committees Appointment(s)
Lay Krisnan Cahya	Non-Executive Director	Member of AC and RC
Fuganto Widjaja	Executive Director	Member of NC
Dwi Prasetyo Suseno	Executive Director	N.A.
Mochtar Suhadi	Executive Director	N.A.
Irwandy Arif	Independent Director	N.A.
Lew Syn Pau	Independent Director	Chairman of NC, RC and member of AC
Lim Yu Neng Paul	Independent Director	Chairman of AC and member of NC and RC

Abbreviation: N.A.: Not Applicable
NC: Nominating Committee
RC: Remuneration Committee
AC: Audit Committee

To assist the Board, the Board has delegated certain functions to the three Board Committees, namely, the AC, the NC and the RC, at the same time recognising that the ultimate responsibility on all matters rest with the Board. Each of the Board Committee has its own written terms of reference. Please refer to this report for further information on the three Board Committees.

To facilitate Directors' attendance at meetings, the dates of the Board, Board Committees' meetings and Annual General Meeting ("**AGM**") are scheduled at the beginning of each financial year, with Directors' meetings each quarter. In addition to the regular scheduled meetings, ad-hoc meetings are held whenever require. If a physical meeting is not possible, the Constitution of the Company provides for the Board to conduct meetings by telephone conference. The Board and the Board Committees may also make important decisions concerning the Group by way of circular resolutions under the Company's Constitution and their respective terms of reference.

Details on the number of Board and Board Committees' meetings held in 2016, and the attendance of Directors and Board Committees, members respectively at those meetings are disclosed below:

Type of Meeting	Board	AC	RC	NC
Total number of meetings held	4	6	1	2
Name of Director	**Number of meetings attended**			
Lay Krisnan Cahya	2	5	1	N.A.
Fuganto Widjaja	4	N.A.	N.A.	2
Dwi Prasetyo Suseno	4	N.A.	N.A.	N.A.
Mochtar Suhadi	4	N.A.	N.A.	N.A.
Irwandy Arif	4	N.A.	N.A.	N.A.
Lew Syn Pau	4	6	1	2
Lim Yu Neng Paul	4	6	1	2

N.A.: Not Applicable

The Company has adopted and documented internal guidelines setting forth matters that require the Board's approval. Material transactions which are specifically reserved for the Board's approval are as follows:

- major changes to the Group's Management and control structure;
- material acquisitions and disposal of assets or investments;
- major funding proposals;
- financial reporting and dividends; and
- any other matters which requires the Board or shareholders' approval pursuant to the SGX-ST Listing Manual, Companies Act, Cap. 50 or other applicable rules and regulations.

Procedures are in place whereby newly appointed Directors are provided with a formal appointment letter setting out the terms of appointment, duties and obligations. They are also given the relevant governing documents of the Company and contact particulars of the Senior Management. Those who do not have prior experience as Director of a Singapore listed company are required to undergo externally conducted training on their roles and responsibilities as a Director of a listed company in Singapore.

Newly appointed Non-Executive Directors who are not familiar with the Group's business may, upon recommendation of the Chairman of the NC, be provided with orientation through overseas trips to familiarise them with the Group's operations. Management will brief the new Directors on the Group's business as well as governance practices.

Directors are provided with updates and briefings from time to time by professional advisers, auditor and Management on relevant practices, new laws, rules and regulations, Directors' duties and responsibilities, corporate governance, changes in accounting standards and risk management issues applicable or relevant to the performance of their duties and responsibilities as Directors.

Directors are also informed and encouraged to attend relevant training programmes organised by the Singapore Institute of Directors and/or the relevant regulators and may suggest training topics that are relevant to his duties as a Director. The training programmes are funded by the Company.

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The size and composition of the Board are reviewed from time to time by the NC which strives to ensure that the size of the Board is conducive to effective discussions and decision-making and that the Board has an appropriate balance of Independent Directors.

As a Group, the Directors bring with them a broad range of industry knowledge, expertise and experience in areas such as accounting, banking, finance, business and management. The diversity of the Directors' experience allows for the useful exchange of ideas and views as well as provide for effective decision-making. Key information regarding the Directors are set out in pages 8 to 9 and pages 31 to 32 of this Annual Report.

The Board comprises seven Directors, three of whom are Independent Directors and one Non-Executive Non-Independent Director. Taking into account the scope and nature of the current operations of the Group, the Board considers that the current board size of seven Directors is appropriate to facilitate decision making.

The NC and Board have considered the following Directors as Independent Directors of the Company:-

Mr Irwandy Arif
Mr Lew Syn Pau
Mr Lim Yu Neng Paul

The ensuing paragraphs set out the criteria for independence and processes to determine a Director's independence.

The Board has adopted guidelines set out in the Code on relationships, the existing of which, would deem a Director not to be independent. A Director who has no relationship with the Company, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company, that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company, is considered to be independent.

The NC is tasked to determine on an annual basis and, as and when the circumstances require, whether or not a Director is independent, bearing in mind the Code and any other salient factors which would render a Director to be deemed not independent. In addition, consideration is given to Guideline 2.4 of the Code which requires that the independence of any Director who has served on the Board beyond nine years, be subject to particularly rigorously review. There are no Directors who have served on the Board beyond nine years.

Each Independent Director duly abstained from the NC and Board determination of his independence.

Non-Executive Directors are encouraged, in line with the corporate governance practice, to constructively challenge and help develop proposals on strategy; to review the performance of Management in meeting agreed goals and objectives; and to monitor the reporting of performance.

To facilitate a more effective check on the Management, the Non-Executive Directors shall meet at least annually without the presence of the Management.

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

There is a clear separation of the roles and responsibilities of the Chairman and the Group Chief Executive Officer ("**CEO**"). This is to ensure appropriate balance of power and authority, accountability and decision-making.

Mr Lay Krisnan Cahya, who is the Non-Executive Chairman, and Mr Fuganto Widjaja, the Group CEO of the Company are not related to each other. Mr Fuganto Widjaja is related to the ultimate controlling shareholders of the Company. Mr Fuganto Widjaja is responsible for the day-to-day management of the affairs of the Company. He ensures that the Board is kept updated and informed of the Group's business operations.

The Chairman is responsible for:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

(b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) reviewing key proposals and board papers before they are presented to the Board and ensures that Board members are provided with accurate and timely information;

(d) promoting a culture of openness and encourage Board members to engage Management in constructive debate on various matters including strategic issues and business planning processes;

(e) encouraging constructive relations within the Board and between the Board and Management;

(f) facilitating the effective contribution of Non-Executive and Independent Directors in particular; and

(g) ensuring effective communication with shareholders.

As at 31 December 2016, the Board comprises four Non-Executive Directors, of whom three are independent. The Company has begun reviewing its Board composition so as to work towards complying with Guideline 2.2 of the Code for the financial year commencing 1 January 2017. In the interim, the three Independent Directors continue to uphold good corporate governance at the Board level and their presence facilitates the exercise of independent and objective judgement on corporate affairs. Their participation and input also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, always taking into account the long-term interest of the Company and its shareholders.

The Board is aware that under the Code if the Chairman of the Board or the CEO of the Company is not an Independent Director, at least half of the Board should be independent. The Company is required to comply with the Code no later than by the AGM following the end of its financial year commencing on or after 1 May 2016. Therefore, the Board will endeavour to take the necessary actions to comply with the said requirement of the Code before the AGM to be held in April 2018.

Principle 4: Board Membership

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises the following three Directors, two of whom, including the NC Chairman are Independent Directors. The NC members are:-

Mr Lew Syn Pau	(NC Chairman)
Mr Lim Yu Neng Paul	(Member)
Mr Fuganto Widjaja	(Member)

The NC's duties as set out in the terms of reference include the following:

1. review and assess all candidates for directorships before making recommendation to the Board for appointment of Directors;

2. review and recommend to the Board the re-election of Directors retiring in accordance with the Company's Constitution at each AGM;

3. review the composition of the Board annually to ensure that the Board has appropriate balance of Independent Directors and to ensure an appropriate balance of expertise, skills, attributes and ability among the Directors;

4. review the independence of Directors annually;

5. review Board succession plans for Directors, in particular, Chairman and CEO;

6. evaluate the performance and effectiveness of the Board as a whole; and

7. review the training and professional development programmes for the Board to keep the Board apprised of relevant new laws, regulations and changing of commercial risk.

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The NC reviews and assesses candidates for directorship before making recommendations to the Board. In recommending new Directors to the Board, the NC takes into consideration the skills and experience and the current composition of the Board, and strives to ensure that the Board has an appropriate balance of Independent Directors as well as Directors with the right profile of expertise, skills, attributes and ability. In evaluating a Director's contribution and performance for the purposes of re-nomination, the NC takes into consideration a variety of factors such as attendance, preparedness, participation and candour. The NC makes recommendation for new Directors, retirement and re-election of Directors. The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. The Company's Constitution provides that one-third of the Board, or the number nearest to one-third is to retire by rotation at every AGM. In addition, the Company's Constitution also provides that newly appointed Directors are required to submit themselves for re-nomination and re-election at the next AGM of the Company.

In its deliberation on the re-election / re-appointment of retiring Directors, the NC takes into consideration the Directors' contribution and performance during the past year. Mr Fuganto Widjaja, Mr Lew Syn Pau and Mr Irwandy Arif will retire from office by rotation at the forthcoming AGM under Article 107 of the Constitution, and, being eligible, have offered themselves for re-election. The NC has recommended their re-election at the forthcoming AGM.

The Board is of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors would depend on many factors such as whether they were in full time employment and their other responsibilities. The NC will assess each Director relative to his abilities and known commitments and responsibilities.

There are no alternate directors appointed to the Board.

The dates of initial appointment and last re-election of each Director are set out as follows:

Name of Director	Appointment	Date of initial appointment	Date of last re-election
Lay Krisnan Cahya	Non-Executive Director and Chairman	20 April 2015	N.A.
Fuganto Widjaja	Executive Director and Group Chief Executive Officer	20 April 2015	N.A.
Dwi Prasetyo Suseno	Executive Director and Deputy Group Chief Executive Officer	26 October 2015	29 April 2016
Mochtar Suhadi	Executive Director	20 April 2015	29 April 2016
Irwandy Arif	Independent Director	20 April 2015	N.A.
Lew Syn Pau	Independent Director	20 April 2015	N.A.
Lim Yu Neng Paul	Independent Director	26 February 2009	29 April 2016

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All Directors have declared their board representations and principal commitments including their directorships in other listed companies both current and those held over in the preceding three (3) years from 1 January 2014 to 31 December 2016) are as follows:

Mr Lay Krisnan Cahya	Mr Fuganto Widjaja
Current Directorships in other Listed Company / Principal Commitments - PT Dian Swastatika Sentosa Tbk - PT Golden Energy Mines Tbk - PT DSSP Power Sumsel - PT DSSP Power Kendari - PT Innovate Mas Indonesia - PT Rolimex Kimia Nusamas - PT SKS Listrik Kalimantan	**Current Directorships in other Listed Company / Principal Commitments** - PT Golden Energy Mines Tbk - PT Berau Coal Energy Tbk - PT Sinar Mas Multiartha Tbk - PT Super Wahana Tehno - PT DSSP Power Sumsel - PT Roundhill Capital Indonesia - PT Bumi Anugerah Semesta - PT Borneo Indobara
Past Directorships in other Listed Company / Principal Commitments - PT DSSP Power Mas Utama	**Past Directorships in other Listed Company / Principal Commitments** - Nil
Mr Dwi Prasetyo Suseno	**Mr Mochtar Suhadi**
Current Directorships in other Listed Companies / Principal Commitments - PT Golden Energy Mines Tbk	**Current Directorships in other Listed Company / Principal Commitments** - PT Golden Energy Mines Tbk - PT Trisula Kencana Sakti - PT Roundhill Capital Indonesia - PT JGC Coal Fuel - PT Mutiara Tanjung Lestari - PT Pelayaran Sanditia Perkasa Maritim
Past Directorships in other Listed Company / Principal Commitments - Straits Corporation Pte Ltd - PT Indo Straits Tbk - PT Geobara Indonesia - Vallar Investment UK Limited	**Past Directorships in other Listed Company / Principal Commitments** - Nil

Mr Lim Yu Neng Paul	Mr Lew Syn Pau	Mr Irwandy Arif
Current Directorships in other Listed Company / Principal Commitments - China Everbright Water Limited - Nippecraft Limited	**Current Directorships in other Listed Companies / Principal Commitments** - Poh Tiong Choon Logistics Limited - SUTL Enterprise Ltd - Food Empire Holdings Ltd - Golden-Agri Resources Ltd - Broadway Industrial Group Ltd	**Current Directorships in other Listed Company / Principal Commitments** - PT Golden Energy Mines Tbk - PT Adaro Energy Tbk - PT Vale Indonesia Tbk - PT Tobabara Sejahtera Tbk - PT Indexim Coalindo - Institute Teknologi Bandung
Past Directorships in other Listed Company / Principal Commitments - Intrepid Mines Limited	**Past Directorships in other Listed Company / Principal Commitments** - Lafe Corporation Limited	**Past Directorships in other Listed Company / Principal Commitments** - Nil

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Principle 5: Board Performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC has established a formal assessment process to assess the effectiveness of the Board as a whole where a performance evaluation questionnaire will be circulated and completed by each Director. The performance criteria for Board evaluation are based on financial and non-financial indicators such as an evaluation of the size and composition of the Board, the Board's access to information, Board processes, strategy and planning, risk management, accountability, Board's performance in relation to discharging its principal functions, communication with Senior Management and standards of conduct of the Directors. The Company has also established a set of qualitative criteria to evaluate the contribution of each individual Director to the effectiveness of the Board.

The objective of such evaluation is to ensure that the Board, the Chairman of the Company and the individual Directors continues to act effectively in fulfilling the duties and responsibilities expected of them. The NC has reviewed and is satisfied that the Board, the Chairman of the Company and the individual Directors have met its performance objectives.

The Board has strived to ensure that Directors appointed to the Board possess the experience, knowledge and skills critical to the Group's business to enable the Board to make sound and well-considered decisions.

Principle 6: Access to Information

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board members are provided with adequate and timely information prior to Board meetings. In addition, Management provides the Board with proper information which includes Board papers, disclosure documents, budgets and related materials, background or explanatory information relating to matters to be brought up before the Board.

Management provides the Board with financial statements and management reports of the Group on a quarterly basis, and upon request as and when required. Explanations are given by Management for material variances.

The Board has separate and independent access to the Senior Management and the Company Secretary. The Company Secretary attends and prepares minutes of Board meetings and assists the Management and Chairman in ensuring that Board procedures are observed and all applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is subject to approval of the Board as a whole.

The Board takes independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. Subject to the approval of the Chairman, the Directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties at the expense of the Company.

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B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises the following three Directors, two of whom, including the RC Chairman, are independent:-

Mr Lew Syn Pau	(RC Chairman)
Mr Lay Krisnan Cahya	(Member)
Mr Lim Yu Neng Paul	(Member)

The Board views that the current RC composition is adequate as a majority of its members, including the RC Chairman, are independent.

The RC's roles and responsibilities are described in the terms of reference.

The duties of the RC including reviewing and recommending to the Board, the following:-

1. general framework of remuneration for the Board and key management personnel;

2. the specific remuneration package for each Executive Director and key management personnel, taking into account factors including remuneration packages of Executive Directors and/or key management personnel in comparable industries as well as the performance of the Company and that of the Executive Directors and/or key management personnel;

3. the fees of Independent Directors;

4. the remuneration policies and framework of the Group to support its objectives and strategies; and

5. the Company's obligations arising in the event of termination of Executive Directors and key management personnel's contracts of service, to ensure such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC may, during its annual review of remuneration of Directors and key management personnel, seek advice from external professional consultants as and when it deems necessary.

None of the members of the RC is involved in deliberations in respect of any remuneration, compensation, incentive or any form of benefits to be granted to him.

Principle 8: Level and Mix of Remuneration

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate.

The remuneration structure for Executive Directors and key management personnel consists of (a) fixed remuneration, (b) variable bonus and/or (c) other benefits.

The use and application of clawback provisions in remuneration contracts of Executive Directors and key management personnel is subject to further consideration by the Company.

Non-Executive Director does not receive director's fees or any form of compensation from the Company. Independent Directors receive Directors' fees, which are subject to shareholders' approval at AGMs.

Principle 9: Disclosure on Remuneration

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Directors' remuneration for the year ended 31 December 2016 ("**FY2016**") in bands of S$250,000 is set out in the table below:

Name of Directors	Fixed Salary	Bonus / Benefits	Directors' Fees	Total
S$750,001 to below S$1,000,000				
Dwi Prasetyo Suseno	61%	39%	–	100%
S$500,001 to below S$750,000				
Fuganto Widjaja	78%	22%	–	100%
Below S$250,000				
Lay Krisnan Cahya*	–	–	–	–
Mochtar Suhadi*	–	–	–	–
Irwandy Arif	–	–	100%	100%
Lew Syn Pau	–	–	100%	100%
Lim Yu Neng Paul	–	–	100%	100%

* Received remuneration from related companies outside of the Group.

Variable bonus is based on Company and individual performance.

The Company believes that the current format of disclosure is sufficient indication, for the time being, of each Director's remuneration package, given that remuneration continues to be a sensitive subject.

The top 7 key management personnel who are not Directors or the CEO of the Company ("**KMP**") for FY2016 and their remuneration falling in bands of S$250,000, are as follows:-

Bonifasius
Pongsak Dejmark
Hartana
Kumar Krishnan
Pauline Lee
Retno Nartani
Sudin Sudiman

KMP's Remuneration Band	Number of KMP
S$750,001 to S$1,000,000	1
S$500,001 to S$750,000	2
S$250,000 to S$500,000	1
Below S$250,000	3

The total remuneration paid to the top 7 KMP for FY2016 amounted to US$2,113,374.

The Company believes that it is not in the Group's interest to disclose the remuneration of the KMP to the full extent recommended, due to continuing confidentiality and sensitivity of executives' remuneration and, moreover, such disclosure may hamper its ability to retain the Group's talent pool in a competitive environment.

There are no employees within the Group who are immediate family members of a Director and/or CEO whose remuneration exceeds S$50,000 during FY2016.

Currently, the Company does not have any employee share option scheme in place.

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board reviews and approves the results announcement before its release. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects.

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements, including establishing written policies where applicable.

The Management provides the Board with management accounts and such explanation and information on a regular basis as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

In preparing the financial statements, the Directors have:

(i) selected suitable accounting policies and applied them consistently;

(ii) made judgments and estimates that are reasonable and prudent;

(iii) ensured that all applicable accounting standards have been followed; and

(iv) prepared financial statements on the basis that the Directors have reasonable expectations, having made enquires, that the Group and Company have adequate resources to continue operations for the foreseeable future.

For the financial year under review, the CEO and Chief Financial Officer ("**CFO**") have provided assurance to the Board on the integrity of the financial statements of the Group. For quarterly financial statements, the Board provided a negative assurance confirmation to the shareholders, in line with the Listing Manual.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board and the AC are responsible for the governance of risk by ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. They also determine the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives.

Management is responsible for designing, implementing and monitoring the risk management and internal control systems of the Group. The Board with the assistance of the AC, annually, review the adequacy and effectiveness of the Group's risk management and internal control systems addressing financial, operational, compliance and information technology controls. The review and assessment considered the Group's business and operational environment in order to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board (with concurrence of the AC) are of the opinion that the Group's internal control systems addressing financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 31 December 2016.

The system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The Board has received assurance from the CEO and CFO:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Company's risk management and internal control systems are adequate and effective.

The CEO and CFO have in turn obtained relevant assurance from the Management of the business operations of the Group.

Principle 12: Audit Committee

*The Board should establish an Audit Committee ("**AC**") with written terms of reference which clearly set out its authority and duties.*

The AC comprises the following three Directors, two of whom including the AC Chairman, are independent and one Non-Executive Director:-

Mr Lim Yu Neng Paul	(AC Chairman)
Mr Lay Krisnan Cahya	(Member)
Mr Lew Syn Pau	(Member)

The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC, having relevant accounting and related financial management expertise and experience.

The AC has explicit authority to investigate any matter within its terms of reference. In addition, the AC has full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings. Reasonable resources are made available to enable the AC to discharge its function properly.

In addition to the statutory functions, the AC considers and reviews any other matters as may be agreed to by the AC and the Board. In particular, the duties of the AC as set out in its terms of reference include:-

a. reviewing significant financial reporting issues and judgement to ensure the integrity of the financial statements and any formal announcements relating to financial performance;

b. reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;

c. reviewing the adequacy and effectiveness of the Company's internal audit function;

d. recommending to the Board the appointment / reappointment of the external auditor including their remuneration and terms of engagement;

e. reviewing the scope and results of the external audit including the examination of the financial statements and evaluation of the system of financial controls of the Company; and the independence and objectivity of the external auditors;

f. reviewing with the internal auditor their audit plans, the adequacy of the internal audit procedures and their evaluation of the effectiveness of the overall internal control systems including financial, operational and compliance control as well as risk management of the Group;

g. reviewing the quarterly and full year results announcements and annual financial statements and the auditor's report on the annual financial statements of the Company before submission to the Board for approval;

h. reviewing any significant audit findings and recommendations of the internal and external auditors together with Management's responses thereto so as to ensure the integrity of the financial statements and any formal announcements relating to financial performance;

i. reviewing interested party transactions as defined in the Listing Manual of the SGX-ST;

j. reviewing the Company's accounting policies and reporting requirements in consultation with the external auditor and assess the adequacy of management reporting;

k. undertaking such other reviews and projects as may be requested by the Board, and to report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

l. generally undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

The AC meets with the external auditors and the internal auditors, at least annually without the presence of Management.

The AC has conducted an annual review of all non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The AC is satisfied with the independence and objectivity of the external auditor and recommends to the Board the nomination of the external auditor for re–appointment. The AC has conducted an annual review of all non–audit services provided by the independent auditor and is satisfied that the nature and extent of such services do not affect the independence of the independent auditor.

After taking into consideration the adequacy of the resources and experience of Ernst & Young LLP (including the audit partner in charge of auditing the Company), the other audit engagements of Ernst & Young LLP, the number and experience of supervisory and professional staff assigned to review the Group as well as the Group's size and structure, the AC and the Board are of the view that Ernst & Young LLP has been able to assist the Company in meeting its audit obligations and the Company is in compliance with Rule 712 of the Listing Manual.

Except for PT Mangium Anugerah Lestari ("**MAL**"), the Company engages members of Ernst & Young Global for its significant subsidiaries and/or associated companies and the names of these audit firms are disclosed under Note 15 to the Consolidated Financial Statements. The Board and AC have reviewed the appointments of these audit firms and are of the view that the appointments of these other audit firms for significant subsidiaries and associated companies do not compromise the standard and effectiveness of the audit of the Company.

MAL, incorporated in Indonesia, is an inactive subsidiary. KAP Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan, a member of Crowe Horwath International, and located in Jakarta, Indonesia, was appointed as auditor of MAL for financial year ended 31 December 2016.

In accordance with Rule 1207 (6) of the Listing Manual, the fees paid to Ernst & Young LLP for their audit and non–audit services for the financial year under review are S$175,000 and S$24,500 respectively. Ernst & Young LLP is an audit firm registered with the Singapore Accounting & Corporate Regulatory Authority and its appointment as the Company's external auditors have been approved by the Company's shareholders.

Accordingly, the Company is in compliance with Rule 715 (when read with Rule 716) and Rule 717 of the Listing Manual.

The Company has in place a whistle-blowing framework where staff of the Company and another person can raise concerns about improprieties in matters of financial reporting or other matters to the AC. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. Details of the policy have been made available to all employees and public via the Company's website, who may raise concerns, if any directly to the Chairman of the AC.

The AC has reviewed with Management, and where relevant, the auditors, the quarterly and full year results announcements, annual report and financial statements as well as the auditor's report thereon, interested person transactions and corporate governance report, before submission to the Board for approval and adoption.

The following significant matters impacting the financial statements were discussed with management and the external auditor and were reviewed by the AC.

Significant matters	How the AC reviewed these matters and what decisions were made
Business combinations	The AC considered the competence, objectivity, and capabilities of the independent accountant, and the approach and methodology applied to the measurement of fair value of the acquired assets and liabilities arose from the reverse take-over in April 2015. It reviewed the reasonableness of the independent valuation reports of the Group biological assets, intangible assets, loans and borrowings, cash flows and discount rate The PPA exercise review was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 December 2016. Please refer to The Independent Auditor's Report contained in this Annual Report.
Impairment assessment of assets from forestry segment	The AC considered the approach and methodology applied to the valuation model in the impairment assessment. It reviewed the reasonableness of cash flow forecasts, the long-term growth rate and discount rate. The impairment review was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 December 2016. Please refer to The Independent Auditor's Report contained in this Annual Report.
Impairment assessment of assets from coal mining and trading segments	The AC considered the approach and methodology applied to the valuation model in the impairment assessment. The AC reviewed the reasonableness of cash flow forecast, long-term growth rate and discount rate used in the valuation model. The impairment review was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 December 2016. Please refer to The Independent Auditor's Report contained in this Annual Report.

Following the review and discussions, the AC recommended to the Board to approve the full year financial statements.

In performing its functions, the AC met with the internal and external auditors, and reviewed the audit plans and overall scope of both internal and external audits, and the co-operation and assistance given by Management.

None of the members nor the Chairman of the AC is a former partner or director of the Group's auditing firm.

Principle 13: Internal Audit

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

PT Golden Energy Mines Tbk ("**GEMS**"), a 66.9998% subsidiary of the Company, has an in-house internal audit department. The role of the internal auditors is to assist the AC of GEMS and AC of the Company to ensure that the acquired subsidiaries maintain a sound system of internal controls.

The Head of Internal Audit Work Unit ("**HIAWU**") reports to AC of GEMS and AC of the Company. On administrative matters, the HIAWU reports to the President Director of GEMS. The Internal Audit Work Unit ("**IAWU**") is staffed with persons with the relevant qualifications and experience. The IAWU carries out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The IAWU has unfettered access to the Group's documents, records, properties and personnel, including access to the AC.

In addition, the Company outsourced its internal audit function in PT Hutan Rindang Banua ("**PT HRB**"), a 100% subsidiary of the Group, to Centre for Investment and Business Advisory, a member of Crowe Horwath International (the "**Internal Auditors**") with effect from financial year ended 31 December 2016. The Internal Auditors report directly to the AC.

Every quarter, the AC and Management review and discuss GEMS internal audit findings, recommendations and status of remediation, at AC meetings. Annually, the AC and Management review and discuss with the Internal Auditors, their internal audit findings, recommendations and status of remediation for PT HRB, at the AC meeting. The IAWU and Internal Auditors, in the course of its audit, review the adequacy and effectiveness of Group's material internal controls, including financial, operational, compliance and information technology controls system, and risk management. Material non-compliance, internal control weaknesses and key business risks noted during its audit and alignment plans to address these risks and weaknesses are communicated to Management accordingly and tabled for discussion at AC meetings with updates by Management on the status of these action plans. The AC has reviewed and is satisfied that the existing controls in the Group are adequate and effective.

Principle 14: Shareholder Rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company strives for timeliness and consistency in its disclosure to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price through announcements via SGXNET. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable.

Shareholders are informed of general meetings through notices published in the newspapers, through reports or circulars sent to all shareholders via SGXNET. The Company encourages shareholders' participation during the general meetings. Resolutions are passed through a process of voting and shareholders are also informed of voting procedures governing general meetings.

The Constitution of the Company allows a member of the Company to appoint up to two proxies to attend and vote at general meetings. A shareholder who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

Principle 15: Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company recognises that effective communication leads to transparency and enhances accountability. The Company regularly conveys pertinent information, gathers views or input, and addresses shareholders' concerns. In this regard, the Company provides timely information to its shareholders via SGXNET announcements and news releases and ensures that price-sensitive information in publicly released and is announced within the mandatory period. The Company does not provide selective disclosure. The views of shareholders are gathered at shareholder meetings where shareholders are permitted to ask questions and seek a better understanding of the Group.

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend, *inter alia*, the Group's earnings, financial position, results of operations, capital needs, and other factors as the Board may deem appropriate.

Principle 16: Conduct of Shareholder Meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

All shareholders of the Company receive the Annual Report and the notices of the general meetings. The notice will also be advertised in a local newspaper and be made available on SGXNET. The Company encourages shareholders' participation at general meetings, and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to directors, including the chairperson of each of the Board committees. The Company's external auditors are also present to assist the Board in addressing any relevant queries from shareholders. The Company also ensures that there are separate resolutions at general meetings on each distinct issue. Minutes of general meetings, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board or the Management, are available to shareholders upon their request.

The Board supports the Code's principle of encouraging shareholder participation. Shareholders are given opportunities to vote at general meetings. The Company shall put all resolutions to vote by poll and make an announcement on SGXNET of the detailed results showing the number of votes cast for and against each resolution and the respective percentages after the conclusion of the general meeting.

CORPORATE GOVERNANCE **REPORT**

INTERESTED PERSON TRANSACTIONS

The Company monitors all its interested person transactions closely and all interested person transactions are subject to review by the AC.

The aggregate value of interested person transactions entered into during the financial year under review which fall under Chapter 9 of the Listing Manual of the SGX-ST are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (US$'000)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (US$'000)
Sales:		
PT Indah Kiat Pulp & Paper Tbk	–	83,243
PT Lontar Papyrus Pulp and Paper Industry	–	24,578
PT Sinar Mas Agro Resources & Technology Tbk	–	3,672
PT Ekamas Fortuna	–	443
PT Pabrik Kertas Tjiwi Kimia Tbk	–	406
PT SOCI Mas	–	279
Hainan Jinhai Trading (Hong Kong) Co,. Ltd **	3,870	–
PT Ivo Mas Tunggal	1,459	–
PT Energi Sejahtera Mas	448	–
Interest income:		
PT Bank Sinarmas Tbk	–	69
Purchases:		
PT Barasentosa Lestari	436	–
PT Rolimex Kimia Nusamas	–	48
Rental expenses:		
PT Royal Oriental	–	745
Repair and maintenance:		
PT Wirakarya Sakti	–	1,042
Insurance expenses:		
PT Kalibesar Raya Utama	–	47
PT Asuransi Sinar Mas	–	1,044
Interest expenses:		
PT Dian Swastatika Sentosa Tbk	–	48
Asia Star Fund Ltd @	(4,029)	–

** The contracts were reviewed and entered into with the Group and the customer in late December 2015 and goods were delivered in January 2016.

@ US$35 million loan facility granted by Asia Star Fund Ltd on 12 January 2011 and utilised in FY2011. The loan obligation was fully settled in December 2016.

CORPORATE GOVERNANCE **REPORT**

DEALINGS IN SECURITIES

The Company has adopted an internal policy ("**Policy**") with regard to dealings in securities to provide guidance for its Directors and employees in compliance with Rule 1207(19) of the Listing Manual of the SGX-ST.

The Policy provides that Directors and employees are prohibited from dealing in the securities of the Company whenever they are in possession of unpublished price-sensitive information on the Group and during the period commencing two weeks before the announcement of the Company's financial results for the first three quarters and one month before the announcement of the Company's full year results and ending on the date of the announcements of the relevant results.

Directors and employees are also required to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Directors and employees are expected not to deal in the Company's securities for short-term considerations.

MATERIAL CONTRACTS

From 1 January 2016 to 31 December 2016, the Group and PT Ivo Mas Tunggal entered into 8 coal sale contracts, pursuant to which the Group agreed to sell to PT Ivo Mas Tunggal 45,039 metric tonnes of thermal coal for an aggregate value of US$1.46 million. The transactions were entered into an arm's length basis and on normal commercial terms. PT Ivo Mas Tunggal is an associate of our immediate holding company and ultimate controlling shareholders.

From 1 January 2016 to 31 December 2016, the Group and PT Energi Sejahtera Mas entered into 2 coal sale contracts, pursuant to which the Group agreed to sell to PT Energi Sejahtera Mas 25,000 metric tonnes of thermal coal for an aggregate value of US$0.4 million. The transactions were entered into an arm's length basis and on normal commercial terms. PT Energi Sejahtera Mas is an associate of our immediate holding company and ultimate controlling shareholders.

From 1 January 2016 to 31 December 2016, the Group and Hainan Jinhai Trading (Hong Kong) Co., Ltd entered into 2 coal sale contract, pursuant to which the Group agreed to sell to Hainan Jinhai Trading (Hong Kong) Co., Ltd 80,000 metric tonnes of thermal coal for an aggregate value of US$3.9 million. The transactions were entered into an arm's length basis and on normal commercial terms. Hainan Jinhai Trading (Hong Kong) Co., Ltd is an associate of our immediate holding company and ultimate controlling shareholders.

From 1 January 2016 to 31 December 2016, the Group and PT Barasentosa Lestari entered into a coal purchase contract, pursuant to which the Group agreed to purchase from PT Barasentosa Lestari 23,501 metric tonnes of thermal coal for an aggregate value of US$0.4 million. The transactions were entered into on arm's length basis and on normal commercial terms. PT Barasentosa Lestari is an associate of GMR Coal Resources Pte Ltd.

On 12 December 2016, the Company and Asia Star Fund Ltd entered into an amended and restated loan agreement, pursuant to which all parties agreed that the interest for the US$35 million loan would stop accruing on 19 April 2015. The outstanding loan obligations were repaid in December 2016, from the proceeds of the Company's compliance placement exercise.

Except for the above and those described under the section "**Interested Person Transactions**" above, there are no other material contract entered into by the Company or its subsidiaries that involve the interests of the CEO, any Directors or controlling shareholder of the Company.

CORPORATE GOVERNANCE **REPORT**

USE OF PROCEEDS

On 9 December 2016, the Company raised S$121,270,000 (or net proceeds of S$120,093,000) from the placement of 181,000,000 new ordinary shares at S$0.67 each in the issued and paid-up share capital of the Company (the "**Placement**"). As announced by the Company on 28 February 2017, the Company has utilized the net proceeds as follows:

	Amount Allotted S$'000	Utilised S$'000	%
Net Proceeds	120,093		
Utilisation			
Repayment of loans owing to creditors[1]	100,000	(92,538)	92.54%
General working capital purposes	16,493	(227)	1.38%
- Payment to vendors for goods and services and not limited to legal and professional fees		(227)	
Professional fees relating to RTO	3,600	(1,941)	53.92%
Total amount	120,093	(94,706)	78.86%
Unutilised net proceeds		25,387	21.14%

The use of net proceeds is in accordance with the intended use and percentage allocation of the proceeds raised from the Placement, as stated in the Company's placement announcements dated 28 November and 7 December 2016.

CORPORATE GOVERNANCE **REPORT**

MAJOR PROPERTIES

Held by	Effective Group Interest	Location	Description & Approximate Land Area	Tenure	Usage
PT Borneo Indobara	65.7235%	Bunati Village, Angsana District, Tanah Bumbu Regency, South Kalimantan Province	49,234 m^2	30 years (until 21 January 2039)	Docks, stock pile and mining facilities
PT Borneo Indobara	65.7235%	Angsana Village, Angsana District, Tanah Bambu Regency, South Kalimantan Province	49,991 m^2	30 years (until 28 October 2039)	Base cap for exploitation of coal and its infrastructure
PT Borneo Indobara	65.7235%	Karang Indah Village, Angsana District, Tanah Bumbu Regency, South Kalimantan Province	15,350 m^2	25 years (until 24 January 2033)	For exploitation of coal and its infrastructure
PT Borneo Indobara	65.7235%	Karang Indah Village, Angsana District, Tanah Bumbu Regency, South Kalimantan Province	9,886 m^2	30 years (until 23 July 2039)	For exploitation of coal and its infrastructure
PT Tanjung Belit Bara Utama	66.9997%	Teluk Nilau Village, Pangabuan District, Tanjung Jabung Barat, Jambi	54,460m^2	20 years (until 1 July 2035)	For Port infrastructure
PT Tanjung Belit Bara Utama	66.9997%	Teluk Nilau Village, Pangabuan District, Tanjung Jabung Barat, Jambi, Indonesia	13,240 m^2	19 years (until 1 April 2034)	For Port infrastructure

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PROXY FORM

DIRECTORS' **STATEMENT**

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Golden Energy and Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2016.

Opinion of the Directors

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheets of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The Directors of the Company in office at the date of this statement or during the year are:

Lay Krisnan Cahya
Fuganto Widjaja
Dwi Prasetyo Suseno
Mochtar Suhadi
Lim Yu Neng Paul
Lew Syn Pau
Irwandy Arif

In accordance with Article 107 of the Company's Constitution, Mr Fuganto Widjaja, Mr Lew Syn Pau and Mr Irwandy Arif will retire and being eligible, offer themselves for re-election.

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interest in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of Director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Fuganto Widjaja*	–	–	–	–
Lim Yu Neng Paul	–	–	20,000	20,000

* Mr Fuganto Widjaja is the son of Mr Indra Widjaja and the nephew of Mr Franky Oesman Widjaja and Mr Muktar Widjaja.

Mr Indra Widjaja, Mr Franky Oesman Widjaja and Mr Muktar Widjaja, by virtue that each of them has a direct interest in more than 20% of the voting shares in PT Sinarindo Gerbangmas, are deemed to be interested in the shares held by PT Dian Swastatika Sentosa Tbk, the immediate holding company of the Company pursuant to Section 7 of the Act.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2017.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in any shares, share options, warrants or debentures of the Company, or of any related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Options

There are no options granted by the Company and its subsidiaries to take up unissued shares in the Company and its related corporations.

Audit Committee

The audit committee (AC) carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

DIRECTORS' **STATEMENT**

Audit Committee (cont'd)

The AC convened six meetings during the year with full attendance from all members, except for one where a member was absent. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Fuganto Widjaja
Director

Dwi Prasetyo Suseno
Director

Singapore

31 March 2017

INDEPENDENT AUDITOR'S **REPORT**

For the financial year ended 31 December 2016

Independent auditor's report to the Members of Golden Energy and Resources Limited and its subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Golden Energy and Resources Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flow of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S **REPORT**

For the financial year ended 31 December 2016

Independent auditor's report to the Members of Golden Energy and Resources Limited and its subsidiaries

Key Audit Matters (cont'd)

1. Business combinations

During the financial year ended 31 December 2016:

(i) the Group completed the purchase price allocation ("PPA") arising from the reverse takeover ("RTO") acquisition of PT Golden Energy Mines Tbk ("GEMS") and recognised goodwill and intangible assets of US$97,868,000 and US$13,046,000 respectively; and

(il) the Group acquired PT Era Mitra Selaras ("EMS") for a total purchase consideration of US$37,026,000, and recognised provisional goodwill of US$7,159,000.

We focused on this area because of the quantitative materiality of the acquisitions and that the PPA exercise, which involves the identification of the acquired assets and liabilities and their respective fair values, requires the use of significant management judgement and estimate. The significant judgement and estimate involved in the PPA exercise mainly relates to the identification and valuation of intangible assets as well as fair valuation of the acquired assets. Management has engaged external valuation experts to assist them with the PPA exercise for the RTO of GEMS and the acquisition of EMS.

The PPA of EMS is provisional as the results of the fair valuation had not been finalised at the date these financial statements were authorised for issue. Goodwill arising from the acquisition and the relating carrying amount of the assets and liabilities will be adjusted accordingly on a retrospective basis when the PPA is finalised.

We assessed the competence, objectivity, and capabilities of the external expert engaged by the Group. In auditing the accounting treatments of the acquisitions, we reviewed the key terms in sales and purchase agreements and financial information of GEMS and EMS to obtain an understanding of the transactions.

We performed the following procedures, amongst others:

- assessed the identification of intangible assets based on our understanding of the business of the acquired companies and our discussion with management/board of directors on the business rationale of the acquisitions;
- involved our internal specialist in assessing the valuation methodologies used by management and external valuation experts and the fair valuation of the acquired assets and liabilities;
- reviewed the key assumptions used in measuring the fair value of the acquired intangible assets from the RTO of GEMS, such as compensation rate per hectare and license costs, by checking to the historical compensation rate of the Company and the applicable regulation, respectively; and
- assessed the adequacy of disclosures relating to the acquisitions in Note 15 to the financial statements.

2. Impairment assessment of assets from forestry segment

During the financial year ended 31 December 2016, the Group performed impairment assessment on the following assets attributable to the forestry cash-generating unit ("CGU"):

- goodwill from acquisition of GEMS of US$97,868,000; and
- intangible assets from acquisition of GEMS of US$12,204,000 (net of amortisation).

Independent auditor's report to the Members of Golden Energy and Resources Limited and its subsidiaries

Key Audit Matters (cont'd)

2. Impairment assessment of assets from forestry segment (cont'd)

During the financial year ended 31 December 2016, management also performed impairment test on the Company's investment in a subsidiary – Anrof Singapore Limited, which is in forestry operation. The carrying amount of the investment in this subsidiary was US$28,704,000.

We considered the audit of management's impairment assessment of these assets to be a key audit matter due to the magnitude of the amounts recognised in the financial statements. In addition, the assessment process involved significant management estimate and was based on assumptions that are affected by future market and economic conditions. Management determined the recoverable amounts of these assets based on value-in-use calculation using discounted cash flows up to the forest concession right period of 2041. Based on the impairment test, management assessed that these assets were not impaired as at 31 December 2016.

Our audit procedures included, amongst others:

- assessed the valuation methodology used by management;
- evaluated the key assumptions used in the impairment analysis, in particular the discount rate, selling price of logs, operating costs and average plantations yield, including:
    - involved our internal valuation specialist to assist us in reviewing the reasonableness of the discount rate used;
    - compared the selling price of logs, operating costs and average plantations yield to historical data and market comparable data;
- evaluated management's forecasting process by comparing previous forecasts to actual results; and
- assessed the adequacy of the disclosures made on the impairment test in in Note 14 and Note 15 to the financial statements.

3. Impairment assessment of assets from coal mining and trading segments

During the financial year ended 31 December 2016, the Group performed impairment assessment on the mining properties attributable to CGUs under the coal mining segment of US$84,123,000.

During the financial year ended 31 December 2016, management also performed impairment test on the Company's investment in a subsidiary – PT Golden Energy Mines Tbk, which is in coal mining and trading business. The carrying amount of the investment in this subsidiary was US$1,174,369,000, representing 95.8% of the Company's total assets.

We considered the audit of management's impairment assessment of these assets to be a key audit matter due to the magnitude of the amounts recognised in the financial statements. In addition, the assessment process involved significant management estimate and was based on assumptions that are affected by future market and economic conditions. Management determined the recoverable amounts of these assets based on value-in-use using discounted cash flows up to the various mining concession rights period. Based on the impairment test, management assessed that these assets were not impaired as at 31 December 2016.

Independent auditor's report to the Members of Golden Energy and Resources Limited and its subsidiaries

Key Audit Matters (cont'd)

3. Impairment assessment of assets from coal mining and trading segments (cont'd)

Our audit procedures included, amongst others:

- assessed the valuation methodology used by management;
- evaluated the key assumptions used in the impairment analysis, in particular the discount rate, estimated coal price and future production level of coal and estimate of coal reserves, including:
    - involved our internal valuation specialist to assist us in reviewing the reasonableness of the discount rate used;
    - compared the estimated coal price to market available data;
    - evaluated the future production levels by reference to historical production rate;
    - assessed the competence, objectivity, and capabilities of the external expert engaged by the Group to assist them in estimating the coal reserves;
    - agreed the coal reserves estimates to the independent qualified person's reserve report;
    - discussed with management and external expert to gain an understanding on the reasons for the change in the coal reserves estimates as compared to last year;
- evaluated management's forecasting process by comparing previous forecasts to actual results; and
- assessed the adequacy of the disclosures made on the impairment test in in Note 15 to the financial statements.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors on the Consolidated Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

INDEPENDENT AUDITOR'S **REPORT**

For the financial year ended 31 December 2016

Independent auditor's report to the Members of Golden Energy and Resources Limited and its subsidiaries

Responsibilities of Management and Directors on the Consolidated Financial Statements (cont'd)

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S **REPORT**

For the financial year ended 31 December 2016

Independent auditor's report to the Members of Golden Energy and Resources Limited and its subsidiaries

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Alvin Phua Chun Yen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2017

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the financial year ended 31 December 2016

(In United States Dollars)

	Note	2016 US$'000	2015 Restated US$'000
Revenue	**4**	**393,272**	359,771
Cost of sales		**(249,167)**	(248,042)
Gross profit		**144,105**	111,729
Other income	**5**	**13,796**	5,185
Selling and distribution expenses		**(56,443)**	(67,335)
Administrative expenses		**(34,767)**	(36,395)
Fair value loss on biological assets	**10**	**(2,531)**	(2,726)
Finance costs	**6**	**(11,112)**	(11,934)
Other operating expenses		**(5,418)**	(8,295)
Profit/(loss) before tax	**7**	**47,630**	(9,771)
Income tax (expense)/benefit	**8**	**(13,966)**	1,114
Profit/(loss) for the year		**33,664**	(8,657)
Other comprehensive income not to be reclassified to profit or loss:			
Net actuarial (loss)/gain on post-employment benefits		**(46)**	235
Other comprehensive income to be reclassified to profit or loss:			
Foreign currency translation		**(544)**	568
Other comprehensive income for the year		**(590)**	803
Total comprehensive income for the year		**33,074**	(7,854)
Profit/(loss) for the year attributable to:			
Owners of the Company		**22,006**	(9,395)
Non-controlling interests		**11,658**	738
		33,664	(8,657)
Total comprehensive income for the year attributable to:			
Owners of the Company		**21,805**	(8,534)
Non-controlling interests		**11,269**	680
		33,074	(7,854)
Earnings/(loss) per share attributable to owners of the Company (cents per share)			
Basic and diluted	**9**	**0.43**	(0.21)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED
BALANCE SHEETS

As at 31 December 2016

(In United States Dollars)

	Note	Group		Company	
		2016	2015 Restated	2016	2015
		US$'000	US$'000	US$'000	US$'000
Non-current assets					
Biological assets	**10**	**–**	3,766	**–**	–
Property, plant and equipment	**11**	**58,940**	59,727	**9**	5
Mining properties	**12**	**84,123**	63,524	**–**	–
Intangible assets	**13**	**12,204**	12,709	**–**	
Goodwill on consolidation	**14**	**105,722**	98,562	**–**	–
Investment in subsidiaries	**15**	**–**	–	**1,203,073**	1,228,755
Other investments		**14**	14	**–**	–
Deferred tax assets	**16**	**7,006**	8,538	**–**	–
Amounts due from subsidiaries	**17**	**–**	–	**217**	–
Other receivables	**18**	**258**	710	**–**	–
Restricted funds		**639**	299	**–**	–
Other non-current assets	**19**	**23,567**	47,369	**–**	–
		292,473	295,218	**1,203,299**	1,228,760
Current assets					
Inventories	**20**	**8,637**	16,543	**–**	–
Trade and other receivables	**18**	**79,046**	90,550	**1,714**	397
Other current assets	**19**	**59,954**	46,696	**91**	39
Cash and cash equivalents	**21**	**79,076**	44,487	**20,354**	183
		226,713	198,276	**22,159**	619
Current liabilities					
Trade and other payables	**22**	**61,985**	87,437	**11,170**	12,509
Provision for taxation		**8,808**	589	**52**	–
Loans and borrowings	**23**	**2,270**	20,645	**–**	16,368
		73,063	108,671	**11,222**	28,877
Net current assets/(liabilities)		**153,650**	89,605	**10,937**	(28,258)
Non-current liabilities					
Trade and other payables	**22**	**112**	109	**–**	–
Loans and borrowings	**23**	**47,388**	104,883	**–**	56,778
Deferred tax liabilities	**16**	**9,820**	3,368	**95**	–
Post-employment benefits	**24**	**2,338**	1,907	**–**	–
Provision for mine closure	**25**	**1,676**	1,396	**–**	–
		61,334	111,663	**95**	56,778
Net assets		**384,789**	273,160	**1,214,141**	1,143,724
Equity attributable to equity holders of the Company					
Share capital	**26**	**316,253**	232,076	**1,631,352**	1,546,171
Reserves		**(19,194)**	(41,001)	**(417,211)**	(402,447)
		297,059	191,075	**1,214,141**	1,143,724
Non-controlling interests		**87,730**	82,085	**–**	–
Total equity		**384,789**	273,160	**1,214,141**	1,143,724

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2016

(In United States Dollars)

	Attributable to owners of the Company						
Group	**Share capital (Note 26) US$'000**	**Foreign currency translation[1] US$'000**	**Other reserves[2] US$'000**	**Retained earnings US$'000**	**Total reserves US$'000**	**Non-controlling interests US$'000**	**Total equity US$'000**
2016							
At 1 January 2016	**232,076**	**(50,046)**	**1,270**	**7,775**	**(41,001)**	**82,085**	**273,160**
Profit for the year	–	–	–	22,006	22,006	11,658	33,664
Other comprehensive income							
Net actuarial gain on post-employment benefits	–	–	9	–	9	(55)	(46)
Foreign currency translation	–	(210)	–	–	(210)	(334)	(544)
Other comprehensive income for the year	–	(210)	9	–	(201)	(389)	(590)
Total comprehensive income for the year	**–**	**(210)**	**9**	**22,006**	**21,805**	**11,269**	**33,074**
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	(5,622)	(5,622)
Difference arising from transaction with non-controlling interest	–	–	2	–	2	(2)	–
Issuance of shares pursuant to Compliance Placement	85,098	–	–	–	–	–	85,098
Share issuance expenses	(921)	–	–	–	–	–	(921)
At 31 December 2016	**316,253**	**(50,256)**	**1,281**	**29,781**	**(19,194)**	**87,730**	**384,789**

[1] Foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Group's foreign operations whose functional currencies are different from that of the Group's presentation currency.

[2] Other reserves pertains reserve that arose from movements in NCI of certain subsidiaries and net actuarial gain/loss in post-employment benefits.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY (CONT'D)**

For the financial year ended 31 December 2016

(In United States Dollars)

	Attributable to owners of the Company						
Group	**Share capital (Note 26)** US$'000	**Foreign currency translation[1]** US$'000	**Other reserves[2]** US$'000	**Retained earnings** US$'000	**Total reserves** US$'000	**Non-controlling interests** US$'000	**Total equity** US$'000
2015							
At 1 January 2015	**294,085**	**(75,826)**	**1,927**	**27,156**	**(46,743)**	**716**	**248,058**
(Loss)/profit for the year, restated	–	–	–	(9,395)	(9,395)	738	(8,657)
Other comprehensive income							
Net actuarial gain on post-employment benefits	–	–	104	–	104	131	235
Foreign currency translation	–	757	–	–	757	(189)	568
Other comprehensive income for the year	–	757	104	–	861	(58)	803
Total comprehensive income for the year, restated	**–**	**757**	**104**	**(9,395)**	**(8,534)**	**680**	**(7,854)**
Difference arising from transaction with non-controlling interest	–	–	(145)	–	(145)	145	–
Effect of reverse acquisition in accordance with FRS 103, restated	(62,009)	25,023	(616)	(7,962)	16,445	80,603	35,039
Dividends paid (Note 33)	–	–	–	(2,024)	(2,024)	(59)	(2,083)
At 31 December 2015, restated	**232,076**	**(50,046)**	**1,270**	**7,775**	**(41,001)**	**82,085**	**273,160**

(1) Foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Group's foreign operations whose functional currencies are different from that of the Group's presentation currency.

(2) Other reserves pertains reserve that arose from movements in NCI of certain subsidiaries and net actuarial gain/loss in post-employment benefits.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED
CASH FLOW STATEMENT

For the financial year ended 31 December 2016

(In United States Dollars)

	2016 US$'000	2015 Restated US$'000
Cash flows from operating activities		
Profit/(loss) before tax	**47,630**	(9,771)
Adjustments for:		
Provision for mine closure	**280**	410
Depreciation of property, plant and equipment	**4,952**	4,713
Gain on disposal of property, plant and equipment	**–**	(10)
Defined post-employment benefit expense	**558**	415
Amortisation of mining properties	**21,382**	27,024
Amortisation of software	**239**	361
Amortisation of land exploitation	**2,856**	2,653
Amortisation of intangible assets	**505**	337
Amortisation of loans and borrowings	**325**	272
Fair value loss on biological assets	**2,531**	2,726
Impairment loss on property, plant and equipment	**85**	–
Interest and other financial charges	**10,494**	11,086
Interest income	**(6,099)**	(4,044)
Inventories written down	**38**	249
Reversal of prior year interest expense	**(4,029)**	–
Write back of withholding tax expense	**(1,851)**	–
Net exchange differences	**(1,456)**	3,068
Operating cash inflows before changes in working capital	**78,440**	39,489
Changes in working capital:		
Decrease/(increase) in inventories	**7,868**	(5,247)
Increase in trade, other receivables and prepayments	**(309)**	(36,527)
(Decrease)/increase in trade and other payables	**(23,397)**	8,788
Cash flows generated from operations	**62,602**	6,503
Interest and other financial charges paid	**(9,647)**	(6,966)
Interest income received	**5,190**	2,644
Income taxes paid	**(3,734)**	(5,982)
Net cash flows generated from/(used in) operating activities	**54,411**	(3,801)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED
CASH FLOW STATEMENT (CONT'D)

For the financial year ended 31 December 2016

(In United States Dollars)

	2016 US$'000	2015 Restated US$'000
Cash flows from investing activities		
Net cash inflows on completion of the Reverse Acquisition	**–**	1,451
Net cash outflows on acquisition of subsidiaries	**(37,026)**	–
Addition to biological assets	**(505)**	(1,238)
Proceeds from disposal of property, plant and equipment	**–**	32
Purchase of property, plant and equipment	**(2,488)**	(2,599)
Additions to mining properties	**(5,644)**	(4,471)
Loan to third parties	**7**	(29,952)
Decrease/(increase) in other non-current assets	**19,643**	(23,973)
Changes in restricted fund	**(325)**	1,115
Net cash flows used in investing activities	**(26,338)**	(59,635)
Cash flows from financing activities		
Payment of dividend	**–**	(2,024)
Payment of dividend to NCI of subsidiaries	**(5,622)**	(52)
Proceeds from compliance placement, net of expenses	**84,177**	–
Proceeds from loans and borrowings	**18,131**	58,445
Repayment of loans and borrowings	**(92,562)**	(10,355)
Net cash flows generated from financing activities	**4,124**	46,014
Net increase/(decrease) in cash and cash equivalents	**32,197**	(17,422)
Effect of exchange rate changes on cash and cash equivalents	**2,392**	(1,309)
Cash and cash equivalents at 1 January	**44,487**	63,218
Cash and cash equivalents at 31 December (Note 21)	**79,076**	44,487

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2016

1. General information

1.1 Corporate information

Golden Energy and Resources Limited ("GEAR" or the "Company") is a limited liability company, incorporated and domiciled in Singapore and it is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The immediate holding company of the Company is PT Dian Swastatika Sentosa Tbk ("DSS"), incorporated in Republic of Indonesia, and its ultimate holding company is PT Sinarindo Gerbangmas.

The registered office of the Company is located at 10 Collyer Quay, #10-01 Singapore 049315.

The principal activities of the Company are those of an investment holding company and provision of management services to unrelated entities and entities within the Group. The principal activities of the subsidiaries are set out in Note 15.

1.2 Acquisition of PT Golden Energy Mines Tbk (GEMS)

The Reverse Acquisition

On 4 June 2013, the Company entered into a non-legal binding heads of agreement ("HoA") with DSS to set out the proposed commercial terms in respect of the proposed acquisition of 66.9998% in PT Golden Energy Mines Tbk ("GEMS") and its subsidiaries (collectively, the "GEMS Group") ("DSS Acquisition").

On 11 July 2013, the Company and DSS entered into a share purchase agreement following the HoA on 4 June 2013 to acquire 3,941,166,500 ordinary shares or approximately 66.9998% of the total issued and paid-up share capital of GEMS. The purchase consideration of the acquisition shall be satisfied by way of issuance and allotment of new ordinary shares in the Company which represent approximately 94.4745% of the enlarged Company's ordinary share capital. The acquisition resulted in a reverse takeover of the Company.

On 5 July 2014, the Company has entered into a supplemental agreement ("SPA Supplemental Agreement") with DSS to amend certain terms and conditions of the Share Purchase Agreement. The Company and DSS have agreed to extend the Acquisition Long-Stop Date to 31 March 2015 and also amend such other terms in the Share Purchase Agreement that are affected by the extended timeline for the acquisition ("SPA Amendments").

As announced on 23 January 2015, the Company has, on 21 January 2015, obtained the in-principle approval from the Singapore Exchange Securities Trading Limited in respect of, inter alia, the listing and quotation of new shares to be issued pursuant to or in connection with the acquisition. The in-principle approval is subject to key conditions and is valid for 3 months from 21 January 2015.

On 23 January 2015, the Company and DSS entered into a supplemental agreement to, inter- alia, extend the long-stop to 3 June 2015, amend certain terms in the SPA that are affected by the extended timeline for the acquisition and allowing both the Company and DSS to accommodate the satisfaction of the remaining conditions precedent.

The Company completed the Reverse Acquisition on 20 April 2015 ("Completion Date").

Accounting for the Reverse Acquisition

The acquisition of the GEMS Group was accounted for as a reverse acquisition in accordance with FRS 103 Business Combinations. Accordingly, GEMS Group was identified to be the accounting acquirer and the Company was deemed to be the accounting acquiree. Accordingly, the consolidated statement of comprehensive income, consolidated balance sheets, consolidated statement of changes in equity and consolidated statement of cash flow of the Group (comprising the Company and GEMS Group) for the financial year ended 31 December 2015 has been presented as a continuation of GEMS Group's financial statements.

1. General information (cont'd)

1.2 Acquisition of PT Golden Energy Mines Tbk (GEMS) (cont'd)

Accounting for the Reverse Acquisition (cont'd)

Since such consolidated financial statements represent a continuation of the financial statements of GEMS Group:

- the assets and liabilities of GEMS Group were recognised and measured in the consolidated balance sheets at their carrying amounts prior to the Reverse Acquisition;
- the assets and liabilities of the Company and its subsidiaries were recognised and measured in the consolidated balance sheets at their fair values on Completion Date;
- the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of GEMS Group prior to the Reverse Acquisition;
- the amount recognised as issued equity interest in the consolidated financial statements were determined by adding the issued equity interest of GEMS, outstanding immediately before the Reverse Acquisition to the fair value of the GEAR Group at the Completion Date. However, the equity structure appearing in the balance sheets (i.e. the number and type of equity interests issued) shall reflect the equity structure of GEAR, including the equity interests issued to DSS to effect the Acquisition. Accordingly, the equity structure of GEMS Group is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of GEAR issued in the Reverse Acquisition.
- the consolidated statement of comprehensive income reflects the full year results of GEMS Group together with the post-acquisition results of the Company and its subsidiaries; and
- the non-controlling interest's proportionate share of GEMS Group's pre-acquisition carrying amount of retained earnings and other equity interests; and
- the comparative figures presented in these consolidated financial statements are that of the financial statements of GEMS Group.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("USD" or "US$") and all values in the tables are rounded to the nearest thousand (US$'000), as indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective from annual financial periods beginning on or after 1 January 2016. The adoption of those standards did not have any effect on the financial performance or position of the Group and the Company, except for Amendments to FRS 16 and FRS 41 Agriculture – Bearer Plants as described below.

Amendments to FRS 16 and FRS 41 Agriculture – Bearer Plants

The Group adopted the amendments to FRS 16 and FRS 41 with effect from 1 January 2016. Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants, distinguishes bearer plants from other biological assets. Bearer plants solely used to grow produce over their productive lives will be accounted for under FRS 16. However, the agriculture produce growing on bearer plants will remain within scope of FRS 41 and continue to be measured at fair value less cost to sell.

The Group has rubber plantation and it was intended to produce latex which meets the definition of bearer plants and shall be accounted for under FRS 16. The management has applied the change prospectively and reclassified from biological assets to property, plant and equipment.

The bearer plants are first depreciated from maturity to end of useful lives as disclosed in Note 2.8.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets on unrealised losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 115 *Clarifications to FRS 115 Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 102 *Classification and Measurement of Share- Based Payment Transactions*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for FRS 115, FRS 109 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on the adoption of FRS 115, FRS 109 and FRS 116 are described below.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date.

The new revenue standard is not expected to have any significant impact on the financial statements of the Group.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit loss requirements will require the Group to make changes to its current systems and processes.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

2.4 Basis of consolidation and business combination

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combination (cont'd)

(a) Basis of consolidation (cont'd)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combination (cont'd)

(b) Business combinations and goodwill (cont'd)

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company owner's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

2.6 Foreign currency

The financial statements are presented in United States Dollar ("USD"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The Company's functional currency is Singapore Dollar ("SGD"), which reflects the economic substance of the underlying events and circumstances of the Company.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency (cont'd)

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of local and foreign operations are translated into USD at the rate of exchange ruling at the reporting date and their profit and loss are translated at the average exchange rate for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a local and foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(c) Translation to the presentation currency

The financial statements are presented in USD, which is to better reflect the business environment where the Group is operating.

The financial statements are translated from SGD to USD using the following procedures:

- Assets and liabilities for each reporting period presented are translated at the closing rate ruling at that reporting date; and
- Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.
- All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserves.

2.7 Biological asset

Biological assets mainly include trees in a timber plantation.

Trees in a timber plantation comprise acacia, jabon and sengon trees, which are stated at fair value less estimated point-of-sale costs at harvest, with any resultant gain or loss recognised in the profit or loss. The valuation of the biological assets is calculated by the independent professional valuer based on the discounted cash flow model whereby the fair value is calculated using cash flows from continuous operations, assuming sustainable forest management plans, taking into account the growth potential from their forest plantations. The yearly harvest made from the forecasted tree growth is multiplied by the actual wood pines and the cost of fertilizer, before the deduction of harvesting. The fair value is measured as the present value of the harvest from one growth cycle based on the productive forest lands.

Deferred tax liability arising from the temporary difference between the tax base of biological assets and its carrying amount is accounted for in accordance with the accounting policy stated in Note 2.21(b).

2. Summary of significant accounting policies (cont'd)

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.17. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives as follows:

Leasehold land, infrastructure and buildings	3 to 20 years
Plant and machinery	4 to 16 years
Motor vehicles	4 to 8 years
Computers and office equipment	3 to 8 years
Furniture and fittings	3 to 8 years
Bearer plants	25 years

Leasehold land, infrastructure and buildings include buildings, forestry and fire protection infrastructures. Plant and machinery includes field equipment. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Bearer plants comprise rubber trees and are classified as immature and mature. Immature bearer plants are stated at cost, which consist mainly of the accumulated cost of land clearing, planting, fertilizing and up-keeping/maintaining the plantations and allocations of indirect overhead costs up to the time the trees become mature and available for harvest.

Mature bearer plants are stated at cost, and are amortised using the straight-line method over their estimated useful lives.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively if appropriate. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the assets is included in profit or loss in the year the asset is derecognised.

Constructions in-progress are stated at cost, including capitalised borrowing costs and other charges incurred in connection with the financing of the said asset constructions. The accumulated costs will be reclassified to the appropriate "Property and Equipment" account when the construction is completed. Assets under construction are not depreciated as these are not yet available for use.

2. Summary of significant accounting policies (cont'd)

2.9 Mining properties

Pre-license Costs

Pre-license costs relates to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures are capitalised and recognised as "exploration and evaluation assets" for each area of interest when mining rights are obtained and still valid and;

(i) the costs are expected to be recouped through successful development and exploitation of the area of interest; or

(ii) where activities in the area of interest have not reached the stage that allow a reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing. These expenditures include materials and fuel used, surveying costs, drilling and stripping costs before the commencement of production stage and payments made to contractors.

Exploration and evaluation assets are subsequently measured using cost model and classified as tangible assets, unless they are qualified to be recognised as intangibles.

The ultimate recoupment of deferred exploration expenditure is dependent upon successful development and commercial exploitation of the related area of interest. Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. In such case, an entity shall measure, present and disclose any resulting impairment loss in profit or loss.

Exploration and evaluation assets are transferred to "Mines under construction" in the "Mine properties" account after the mines are determined to be economically viable to be developed.

Expenditures for Mines under Construction

Expenditures for mines under construction and incorporated costs in developing an area of interest subsequent to the transfer from exploration and evaluation assets but prior to the commencement of production stage in the respective area are capitalised to "Mines under construction" as long as they meet the capitalisation criteria.

Producing Mines

Upon completion of mine construction and the production stage is commenced, the "Mines under construction" are transferred into "Producing mines" in the "Mine properties" account, which are stated at cost, less depletion and accumulated impairment losses.

Depletion of producing mines are based on using unit-of-production method from the date of commercial production of the respective area of interest over the lesser of the life of the mine and the remaining terms of the mining licenses.

2. Summary of significant accounting policies (cont'd)

2.9 Mining properties (cont'd)

Stripping Costs

Stripping costs are the costs of removing overburden from a mine. Stripping costs incurred in the development of a mine before production commences are capitalised as part of the cost of developing the mine, and are subsequently depreciated or amortised using a unit-of-production method on the basis of proven and probable reserves, once production starts.

Stripping activity conducted during the production phase may provide two benefits:

(i) Ore that is processed into inventory in the current period and

(ii) Improved access to the ore body in future periods.

To the extent that benefit from the stripping activity is realised in the form of inventory produced, the Group accounts for the costs of that stripping activity to Inventories. To the extent the benefit is improved access to ore, the Group recognises these costs as a stripping activity asset, if and only if, all the following criteria are met:

- it is probable that the future economic benefits (improved access to the ore body) associated with the stripping activity will flow to the entity;
- the entity can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measure reliably.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore body, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, the costs associated with these incidental operations are not included in the costs of the stripping activity asset.

When the costs of the stripping activity asset and the inventory produced are not separately identifiable, the Group allocates the production stripping asset by using an allocation basis that is based on a relevant production measure. This production measure is calculated for the identified component of the ore body, and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the actual versus expected volume of waste extracted.

Subsequently, the stripping activity asset is carried at cost less amortisation and any impairment losses, if any. The stripping activity asset is depreciated or amortised using the units of production method over the expected useful life of the identified component if the ore body that becomes more accessible as a result of the stripping activity unless another method is appropriate.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

2. Summary of significant accounting policies (cont'd)

2.10 Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in consolidated statement of comprehensive income.

Except for goodwill, an assessment on the asset is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.11 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 Financial Instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.12 Financial Instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.13 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

2. Summary of significant accounting policies (cont'd)

2.13 Impairment of financial assets (cont'd)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and demand deposits readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.15 Inventories

The inventories comprise of coal inventories and logs inventories.

Coal inventories

Coal inventories are valued at the lower of cost or net realisable value. The cost of inventories is determined using the moving average method. Cost of mining inventories consists of material, labour, depreciation and overhead cost related to mining activities. Allowances for inventory obsolescence and decline in values of inventories are provided to reduce the carrying values of inventories to their net realisable values. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2. Summary of significant accounting policies (cont'd)

2.15 Inventories (cont'd)

Logs inventories

Logs inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present locations and conditions are accounted for as follows:

(a) Raw materials refer to purchase cost on a first-in-first-out basis.

(b) Agricultural produce comprises logs. Agricultural produce at the point of harvest is measured on initial recognition at its fair value less estimated point-of-sale costs. Thereafter, the inventory is carried at the lower of costs and net realisable value. Cost is determined using weighted average method.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they incur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. Summary of significant accounting policies (cont'd)

2.18 Employee benefits (cont'd)

(b) Post-employment benefits

The post-employment pension benefit obligation is the present value of the defined benefit obligation at end of the reporting period less the fair value of plan assets, together with the adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are directly recognised in other comprehensive income and reported in other reserves.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yield at the end of the reporting period of long term government bonds denominated in Indonesian Rupiah in which the benefits will be paid and that have terms to maturity similar to the related pension obligation.

2.19 Leases – as leasee

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating leases

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of logs and coals

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(d) Management fee income

Revenue from consulting services is recognised in the accounting period in which the services are rendered.

2. Summary of significant accounting policies (cont'd)

2.21 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2. Summary of significant accounting policies (cont'd)

2.21 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheets.

2.22 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.23 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

2. Summary of significant accounting policies (cont'd)

2.23 Contingencies (cont'd)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheets of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets and liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Judgements made in applying accounting policies

Critical judgement made in applying accounting policies

In the process of applying the Group's accounting policies, management is of the opinion that the instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimates.

3.2 Key sources of estimation uncertainty

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

(a) Business combination - Acquisition of EMS

The recognition of business combinations requires the excess of the purchase price of the acquisition over the net book value of assets acquired to be allocated to the assets and liabilities. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. The unallocated portion is recognised as provisional goodwill until the finalisation of purchase price allocations.

The estimated fair value allocation of the purchase price is disclosed in Note 15.

(b) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that not-financial assets are impaired.

Impairment review is performed when certain impairment indicators are present. Determining the fair value of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. Any significant changes in the assumptions used in determining the fair value may materially affect the assessment of recoverable values and any resulting impairment loss could have a material impact on results of operations.

The carrying amount of the Group's property, plant and equipment and mining properties as at balance sheet date are disclosed in Notes 11 and 12 respectively.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(c) Impairment of goodwill on consolidation and intangible assets

As disclosed in Notes 13 and 14, the recoverable amounts of the cash generating units which intangible assets and goodwill have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Notes 13 and 14.

(d) Impairment of investment in subsidiaries

The Company assesses at each reporting date whether there is an indication that the investment in subsidiaries may be impaired. This requires an estimation of the value in use of the cash generating units. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rates in order to calculate the present value of those cash flows. The carrying amount of the Company's investment in subsidiaries as at balance sheet date is disclosed in Note 15.

The carrying amount of the investment in subsidiaries is sensitive to the valuation inputs such as log price, coal price and discount rate. A reduction of 5% of log price and coal price, and increase 1% in the discount rates would have no (2015: 15.9%) variance in the carrying amount of the investment in subsidiaries of the Company as at 31 December 2016.

(e) Recoverability of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues. The Group's deferred tax assets and unrecognised tax losses is disclosed in Note 16.

The recoverability of the deferred tax assets is sensitive to the valuation inputs such as coal price. A 5% change in coal price would result in approximately 5.9% (2015: 8.4%) variance in the Group's net income for the year ended 31 December 2016.

(f) Coal resources and reserves estimates

Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. The Group determines and reports its coal reserves under the principles incorporated in the Code for Reporting of Mineral Resources and Ore Reserves of the Joint Ore Reserves Committee (the "JORC Code"), which is sponsored by the Australian mining industry and its professional organisations. In order to estimate coal reserves, assumptions are made about a range of geological, technical and economic factors, including quantities, production techniques, stripping ratio, production costs, transport costs, commodity demand and commodity prices.

Estimating of the quantity and/or quality parameters of coal reserves requires the size, shape and depth of coal bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgments to interpret the data.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(f) Coal resources and reserves estimates (cont'd)

Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows;
- Amortisation charged in profit or loss may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change;
- Stripping costs recorded in the balance sheet or changed to profit or loss may change due to changes in the stripping ratios;

The Group's mining properties are disclosed in Note 12. A 5% change to the coal reserves would result in approximately 2.2% (2015: 15%) variance in the Group's net income for the year ended 31 December 2016.

4. Revenue

	Group	
	2016	**2015**
	US$'000	**US$'000**
Sale of coal	**384,340**	353,186
Sale of logs	**7,143**	6,405
Sale of others	**–**	28
Management fee	**1,789**	152
	393,272	359,771

5. Other income

	Group	
	2016	**2015**
	US$'000	**US$'000**
Interest income	**6,099**	4,044
Reversal of prior year interest expense (Note 23(d))	**4,029**	–
Write back of withholding tax expense	**1,851**	–
Compensation income	**485**	188
Foreign exchange gain, net	**255**	–
Port income	**–**	157
Others	**1,077**	796
	13,796	5,185

6. Finance costs

	Group	
	2016	**2015 Restated**
	US$'000	**US$'000**
Interest expense on bank loans	**10,494**	11,086
Amortisation of discounted loans and borrowings	**325**	272
Others	**293**	576
	11,112	11,934

Included in interest expense on bank loans is US$4.03 million (2015: US$4.00 million) arising from utilisation of the Group's trade financing facilities.

7. Profit/(loss) before tax

Profit/(loss) before tax is derived after charging the following:

	Group	
	2016	**2015 Restated**
	US$'000	**US$'000**
Inventories recognised as an expense in cost of sales	**56,916**	39,674
Freight and stockpile	**67,397**	76,022
Royalty fees	**33,883**	26,382
Mining services and overheads	**110,095**	130,854
Land exploitation expenses	**2,604**	1,277
Amortisation of mining properties	**21,382**	27,024
Amortisation of software	**239**	361
Amortisation of land exploitation	**2,856**	2,653
Amortisation of intangible assets	**505**	337
Legal and professional fees	**4,874**	8,259
Depreciation of property, plant and equipment	**4,952**	4,713
Audit fees:		
- Auditors of the Company	**127**	144
- Other auditors	**203**	184
Non-audit fees:		
- Auditors of the Company	**16**	13
- Other auditors	**30**	32
Directors' fees	**164**	261
Staff costs:		
- Salaries, wages, bonuses and other costs	**14,576**	12,708
- Contributions to defined contribution plans	**400**	479
Fair value loss on biological assets	**2,531**	2,726
Impairment loss on property, plant and equipment	**85**	–

7. Profit/(loss) before tax (cont'd)

Included as part of other operating expenses:

	Group	
	2016	2015 Restated
	US$'000	US$'000
Provision for mine closure	**280**	410
Inventories written down	**38**	249
Foreign exchange loss, net	**–**	5,246
Expenses in connection with DSS Acquisition		
- Auditors of the Company	**–**	96
- Other professional parties	**–**	42
Withholding tax expenses	**2,415**	1,200

8. Income tax (expense)/benefit

The major components of income tax (expense)/benefit for the financial years ended 31 December are:

	Group	
	2016	2015 Restated
	US$'000	US$'000
Consolidated Statement of Comprehensive Income		
Current income tax		
- Current year's income tax	**(12,265)**	(2,213)
- Under provision in respect of previous years	**(718)**	(660)
Deferred income tax (Note 16)		
- Current year	**(983)**	3,987
Income tax (expense)/benefit	**(13,966)**	1,114
Other comprehensive income		
Deferred tax relate to other comprehensive income:		
- Net actuarial gain on post-employment benefits	**21**	(74)

8. Income tax (expense)/benefit (cont'd)

The reconciliation between the income tax (expense)/benefit and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 31 December is as follows:

	Group	
	2016	**2015 Restated**
	US$'000	**US$'000**
Profit/(loss) before tax	**47,630**	(9,771)
Tax (expenses)/credit at the domestic rates applicable in the countries where the Group operates	**(12,041)**	2,058
Adjustments:		
Income not subjected to tax	**322**	373
Expenses not deductible for tax purposes	**(446)**	(817)
Deferred tax assets not recognised	**(1,271)**	(48)
Under provision in respect of previous years	**(718)**	(660)
Utilisation of previously unrecognised deferred tax assets	**141**	170
Effect of partial tax exemption and tax rebate	**33**	–
Others	**14**	38
Income tax (expense)/benefit	**(13,966)**	1,114

The corporate income tax rate applicable to the entities in Singapore is 17.0% (2015: 17.0%). The corporate income tax rate applicable to the subsidiaries in Indonesia is 25.0% (2015: 25.0%).

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Expenses not deductible for tax purposes mainly related to tax effect on disallowed interest expenses, while the income not subjected to tax related to tax effect on non-taxable interest income.

9. Earnings/(loss) per share

Basic and diluted earnings/(loss) per share are calculated by dividing the profit/(loss) for the financial year, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following reflects the earnings and share data used in the computation of basic and diluted earnings/(loss) per share for the financial years ended 31 December:

	Group	
	2016	**2015 Restated**
	US$'000	**US$'000**
Profit/(loss) net of tax for the financial year attributable to owners of the Company used in the computation of basic earnings/(loss) per share	**22,006**	(9,395)
Weighted average number of ordinary shares for basic and diluted earnings/(loss) per share ('000)	**5,155,305**	4,518,823
Basic and diluted earnings/(loss) per share attributable to owners of the Company (cents per share)	**0.43**	(0.21)

9. Earnings/(loss) per share (cont'd)

For the current financial year, the weighted average number of shares takes into account the weighted average effect of new shares issued during the year.

For the financial year ended 31 December 2015, the weighted average number of ordinary shares for the year is calculated based on:

(a) the number of ordinary shares outstanding from the beginning of the prior period, up to the Completion Date is computed based on weighted average number of ordinary shares of GEMS Group outstanding during the prior period multiplied by the exchange ratio established in the sale and purchase agreement; and

(b) the number of ordinary shares outstanding from the Completion Date, up to the end of the prior year is the actual number of ordinary shares of the Company outstanding during the prior period.

10. Biological assets

	Group			
	2016		2015	
	Hectares	**US$'000**	**Hectares**	**US$'000**
Existing Plantation Forest	**3,250**	**–**	4,723	3,271
Utilisable Natural Forest	**1,480**	**–**	1,496	495
	4,730	**–**	6,219	3,766

	Group	
	2016	**2015**
	US$'000	**US$'000**
Movement in biological assets:		
At 1 January	**3,766**	–
Acquisition of subsidiaries	**–**	6,241
Harvest during the year	**–**	(987)
Costs incurred during the year	**505**	1,238
Reclassification of rubber plantation to property, plant and equipment (Note 11)	**(1,740)**	–
	2,531	6,492
Net change in fair value less estimated costs to sell	**(2,531)**	(2,726)
At 31 December	**–**	3,766

Biological assets relates to the Group's plantations acquired pursuant to the Reverse Acquisition (Note 1.2). Biological assets relates to timber plantation, majority of which are acacia mangium, jabon and sengon trees, which when mature will be harvested for timber and further processed into products such as sawn logs and pulpwood. The trees have an average lifespan of up to 15 years, and take up to 6 to 7 years to reach the maturity for harvesting. During the financial year, the Group harvested approximately 141,800 m^3 (2015: 159,340 m^3) of logs.

As disclosed in Note 2.2, rubber plantations are reclassified from biological assets to property, plant and equipment (Note 11) in the current year.

10. Biological assets (cont'd)

Fair value measurements

The fair values of biological assets is estimated with reference to an independent professional valuation using discounted cash flows of biological asset. The expected cash flows from the biological assets are determined using the market price and the estimated yield of the trees, net of maintenance and harvesting costs, and any costs required to bring the plantations to maturity. The estimated yield of the trees is dependent on the age of the trees, the location of the plantations and infrastructure. The market price of the produce is largely dependent on the prevailing market price. Point-of-sale costs include all costs that would be necessary to sell the assets.

The following table shows the key unobservable inputs used in the valuation models:

Key unobservable inputs	**Range of unobservable inputs (weighted average)**	**Inter-relationship between key unobservable inputs and fair value measurement**
Discount rate per annum	10% (2015: 10%)	The higher the discount rate, the lower the fair value
Average plantations yield, in metric tonne (m^3/ha) and kilogram per hectare (kg/ha):- - acacia mangium, sengon and jabon	19.2 m^3/ha to 199.2 m^3/ha (2015: 25.3 m^3/ha to 199.2 m^3/ha)	The higher the plantation yields, the higher the fair value
Selling price of: - Sawn logs	US$37.53/$m^3$ to US$52.54/$m^3$ (2015:US$12.69/$m^3$ to US$43.49/$m^3$)	The higher the selling price, the higher the fair value
- Pulpwood	US$39.78/ m^3 (2015:US$38.42/m^3)	

As at 31 December 2016, the fair value of the remaining biological assets of the Group is nil due to higher point of sale costs as compared to market price of biological assets.

Financial risk management strategies related to agricultural activities

The Group is exposed to financial risk in respect of its agricultural activities, which primarily arises due to length of time between expending cash planting trees, through the maintenance of the trees until maturity, harvesting of the trees, and ultimately receiving cash from the sale of the product.

The Group plans for cash flow requirements for such activities and manage its debts actively.

11. Property, plant and equipment

Group	Leasehold land and buildings US$'000	Plant and machinery US$'000	Motor vehicles US$'000	Computers, office equipment, furniture and fittings US$'000	Bearer Plants US$'000	Construction in progress US$'000	Total US$'000
Cost							
At 1 January 2015	37,293	18,113	1,828	2,594	–	6,838	66,666
Additions	34	65	252	356	–	1,892	2,599
Disposals	(83)	–	(152)	(40)	–	–	(275)
Acquisition of subsidiary (Note 15)	3,447	3,265	179	63	–	55	7,009
Exchange differences	(139)	(1)	–	(29)	–	–	(169)
At 31 December 2015 and 1 January 2016	40,552	21,442	2,107	2,944	–	8,785	75,830
Transfer from biological assets	–	–	–	–	1,740	–	1,740
Additions	75	77	20	535	451	1,330	2,488
Reclassification	4,878	1,603	116	66	–	(6,663)	–
Exchange differences	34	–	–	(1)	–	–	33
At 31 December 2016	**45,539**	**23,122**	**2,243**	**3,544**	**2,191**	**3,452**	**80,091**
Accumulated depreciation							
At 1 January 2015	6,347	2,593	718	2,057	–	–	11,715
Charge for the financial year	2,725	1,320	333	335	–	–	4,713
Disposals	(60)	–	(152)	(33)	–	–	(245)
Exchange differences	(49)	(1)	–	(30)	–	–	(80)
At 31 December 2015 and 1 January 2016	8,963	3,912	899	2,329	–	–	16,103
Charge for the financial year	2,871	1,488	286	307	–	–	4,952
Impairment loss	85	–	–	–	–	–	85
Exchange differences	12	–	–	(1)	–	–	11
At 31 December 2016	11,931	5,400	1,185	2,635	–	–	21,151
Net carrying amount							
At 31 December 2015	31,589	17,530	1,208	615	–	8,785	59,727
At 31 December 2016	**33,608**	**17,722**	**1,058**	**909**	**2,191**	**3,452**	**58,940**

Included in property, plant and equipment is a wood chip mill valued at scrap value of US$4.07 million (2015: US$4.07 million). The wood chip mill was acquired through acquisition of subsidiary during the financial year ended 31 December 2015.

11. Property, plant and equipment (cont'd)

Bearer plants comprise of immature rubber plantations. As disclosed in Note 2.2, immature rubber plantations are reclassified from biological assets to property, plant and equipment in the current year. The rubber plantation presently consist of trees aged between 1 to 4 years as at 31 December 2016, the Group's total plantation area is approximately 941 (2015: 781) hectares.

Company	Computers, office equipment, furniture and fittings	
	2016 US$'000	2015 US$'000
Cost		
At 1 January	**230**	243
Additions	**9**	3
Net exchange differences	**(5)**	(16)
At 31 December	**234**	230
Accumulated depreciation		
At 1 January	**225**	237
Charge for the financial year	**5**	3
Net exchange differences	**(5)**	(15)
At 31 December	**225**	225
Net carrying amount		
At 31 December	**9**	5

(a) Assets pledged as security

Certain property and equipment of the Group with carrying value of US$13.65 million (2015: US$15.02 million) as of 31 December 2016 have been pledged as collateral for bank loan (Note 23 (e)).

(b) Depreciation charge

Details of the depreciation charge for the financial year ended are as follows:

	Group	
	2016 US$'000	2015 US$'000
Charged to profit or loss		
- cost of sales	**1,921**	1,790
- selling and distribution expenses	**1,046**	1,038
- administrative expenses	**1,542**	1,504
- other operating expenses	**443**	381
Depreciation for the financial year ended	**4,952**	4,713

12. Mining properties

	Mining under construction US$'000	Producing mines US$'000	Stripping activity US$'000	Total US$'000
Cost				
At 1 January 2015	6,445	40,336	78,425	125,206
Additions	93	–	4,378	4,471
Transfer to producing mines	(1,830)	1,830	–	–
Reclassification	(368)	–	–	(368)
Net exchange differences	(222)	(344)	(4)	(570)
At 31 December 2015 and 1 January 2016	4,118	41,822	82,799	128,739
Additions	7	–	5,637	5,644
Acquisition of a subsidiary (Note 15)*	37,405	–	–	37,405
Net exchange differences	55	(1,121)	–	(1,066)
At 31 December 2016	41,585	40,701	88,436	170,722
Accumulated amortisation				
At 1 January 2015	–	16,044	22,157	38,201
Charge for the financial year	–	6,401	20,623	27,024
Net exchange differences	–	(6)	(4)	(10)
At 31 December 2015 and 1 January 2016	–	22,439	42,776	65,215
Charge for the financial year	–	11,858	9,524	21,382
Net exchange differences	–	1	1	2
At 31 December 2016	–	34,298	52,301	86,599
Net carrying amount				
At 31 December 2015	4,118	19,383	40,023	63,524
At 31 December 2016	41,585	6,403	36,135	84,123

* The estimated fair value of the mineral resources acquired from acquisition of EMS (Note 15) is provisional as the Group has not finalised the purchase price allocation.

Details of the amortisation expenses for the financial year ended are as follows:

	Group	
	2016 US$'000	2015 US$'000
Charged to profit or loss		
- cost of sales	21,345	26,947
- other operating expenses	37	77
Amortisation expenses for the financial year ended	21,382	27,024

13. Intangible assets

	Group	
	2016	**2015 Restated**
	US$'000	**US$'000**
Cost:		
At 1 January	**13,046**	–
Acquisition of subsidiary (Note 15)	**–**	13,046
At 31 December	**13,046**	13,046
Accumulated depreciation:		
At 1 January	**337**	–
Charge for the year	**505**	337
At 31 December	**842**	337
Net carrying amount		
At 31 December	**12,204**	12,709

Forest concession license was acquired as a result of the Reverse Acquisition. Forest concession license has remaining concession period of 25 years (2015: 26 years).

The Group owns forestry concession rights of 265,095 hectares, which includes 13,523 hectares of land rent-use rights.

Land rent-use rights represent the areas of overlapping mining permits with third parties, who have encroached onto the Group's forestry concession land to carry out mining activities. Based on the regulation issued by Indonesia Ministry of Forestry, the Group is allowed to be compensated for the estimated loss of existing plantations, infrastructure, increase in operational costs and loss of income from plantations over the remaining concession license period (opportunity costs) due to overlapping mining permits on the same forestry concession plantable area.

The Group has entered into an agreement with these third parties, to compensate the Group based on their future mining production. As at balance sheet date, the mining has not commenced and therefore, no compensations were recognised in the financial statements.

14. Goodwill on consolidation

	Group	
	2016	**2015 Restated**
	US$'000	**US$'000**
Cost:		
At 1 January	**98,562**	701
Acquisition of subsidiary (Note 15)	**7,159**	97,868
Exchange difference	**1**	(7)
At 31 December	**105,722**	98,562

14. Goodwill on consolidation (cont'd)

Goodwill of the Reverse Acquisition

Upon the completion of Reverse Acquisition, a provisional goodwill amounting to US$109.19 million was recognised during the financial year ended 31 December 2015. The provisional goodwill represents an excess on the cost of the Reverse Acquisition over the estimated fair value of the net identifiable assets of the Company and its subsidiaries prior to the Reverse Acquisition.

The Group has appointed an independent valuer to perform a review of the Purchase Price Allocation ("PPA") including the provisional goodwill. On 18 April 2016, the Purchase Price Allocation has been finalised with reduction in goodwill of US$11.32 million, to give total goodwill arising on the acquisition of US$97.87 million. As a result, goodwill arising from this acquisition has been adjusted accordingly on a retrospective basis to reflect the above.

Provisional goodwill of the acquisition of EMS

As at 20 September 2016, the Group through its subsidiaries, GEMS and PT Kuansing Inti Makmur ("KIM"), completed the acquisition of 100% equity interest in PT Era Mitra Selaras ("EMS"). The Group recorded a provisional goodwill of US$7.16 million arising from the acquisition. The Group has appointed an independent valuer to perform a review of the purchase price allocation including the provisional goodwill. As at the date of financial statements, the PPA review is still on-going. Goodwill arising from this acquisition will be adjusted accordingly on a retrospective basis when the valuation is finalised.

Impairment testing of goodwill

Provisional goodwill acquired through the acquisition of EMS has not been allocated to any cash-generating unit ("CGU"). There is no impairment testing on the provisional goodwill performed.

Goodwill and intangible assets (Note 13) acquired through business combination have been allocated to the individual CGUs, for impairment testing as follows:

	Forestry CGU	**Mining CGUs**	
	2016	**2016**	**2015**
	US$'000	**US$'000**	**US$'000**
Goodwill	**97,868**	**694**	694
Intangible assets - Forest concession license (Note 13)	**12,204**	**–**	–

The recoverable amount of the forestry and pulp segment and mining CGUs have been determined based on value-in-use ("VIU") calculation using cash flow projects from financial budgets approved by management covering their concession tenure for forestry and pulp segment and five-year period for mining CGUs. Pre-tax discount rate of applied to the cash flow projections are as follows:

	Forestry and pulp segment	**Mining CGUs**	
	2016	**2016**	2015
Pre-tax discount rate	**10%**	**9%**	9%

14. Goodwill on consolidation (cont'd)

Key assumptions used in the value in use calculations

Pre-tax discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

Sensitivity to changes in assumptions

Changes to the assumptions used by the management to determine the recoverable amount, in particular the discount rate, would have significant impact on the results of the assessment. Management believes that no reasonably possible changes in any of the key assumptions that would cause the carrying amount of the goodwill to materially exceed its respective recoverable value.

Impairment loss recognised

During the financial year, there was no impairment loss recognised as the recoverable amount of the goodwill exceeded its carrying amount.

15. Investment in subsidiaries

	Company	
	2016	**2015**
	US$'000	**US$'000**
Unquoted equity shares, at cost	**1,326,892**	136,605
Additions	**–**	1,199,438
Disposal:[1]		
- subsidiaries in liquidation	**–**	(5,992)
- struck off	**–**	(141)
Net exchange differences	**(27,733)**	(3,018)
	1,299,159	1,326,892
Impairment loss	**(96,086)**	(98,137)
	1,203,073	1,228,755
Movement in allowance accounts:		
At 1 January	**98,137**	105,218
Struck off during the financial year	**–**	(141)
Net exchange differences	**(2,051)**	(6,940)
At 31 December	**96,086**	98,137

[1] This relates to the disposal of Poh Lian Construction Pte. Ltd. ("PLC"). On 5 April 2013, PLC was placed under judicial management. The investment in the subsidiary was fully impaired and subsequently deconsolidated due to loss of control. This disposal was completed on 20 April 2015, immediately before the completion of the DSS acquisition (Note 1.2).

15. Investment in subsidiaries (cont'd)

Certain of the investment in subsidiaries were pledged to secure loans and borrowings (Note 23).

During the financial year, management performed an impairment test on the investment in subsidiaries as the subsidiaries were making losses or the carrying amount of the investment in subsidiaries exceeds the carrying amounts of the investee's net assets.

The recoverable amounts of the subsidiaries have been determined based on a value in use calculation using cash flow projections based on a financial budget approved by management covering up to the end of the mining concession licenses. In the case of the entities operating the forestry and pulp segment, the discounted cash flow projections are assessed by reference to their concession tenure. The pre-tax discount rate applied to the cash flow projection for entities operating the forestry concession are 10% (2015: 10%).

(a) Composition of the Group

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal business activities	Proportion of ownership interest	
			2016 %	2015 %
Held by the Company				
Anrof Singapore Limited[2]	Mauritius	Investment holding	**100.0000**	100.0000
Poh Lian (Cambodia) Ltd.[3]	Cambodia	Dormant	**100.0000**	100.0000
Able Advance Limited[3]	British Virgin Islands	Dormant	**100.0000**	100.0000
PT Golden Energy Mines Tbk[2]	Indonesia	Investment holding	**66.9998**	66.9998
Held through Anrof Singapore Ltd				
PT Hutan Rindang Banua[2]	Indonesia	Forestry operation	**100.0000**	100.0000
PT Marga Buana Bumi Mulia[5]	Indonesia	Dormant	**100.0000**	100.0000
PT Mangium Anugerah Lestari[5]	Indonesia	Inactive	**99.9800**	99.9800
Pacificwood Investment Ltd[2]	Mauritius	Investment holding and trading	**100.0000**	100.0000
Shinning Spring Resources Limited[3]	British Virgin Islands	Investment holding	**100.0000**	100.0000

15. Investment in subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name	Country of incorporation	Principal business activities	Proportion of ownership interest 2016 %	2015 %
Held through PT Golden Energy Mines Tbk				
PT Roundhill Capital Indonesia[2]	Indonesia	Holding company and trading	**99.0158**	99.0158
PT Kuansing Inti Makmur[2]	Indonesia	Coal mining	**99.9998**	99.9998
PT Trisula Kencana Sakti[2]	Indonesia	Coal mining	**70.0000**	70.0000
GEMS Trading Resources Pte Ltd[1]	Singapore	Trading	**100.0000**	100.0000
PT Karya Mining Solution (formerly known as PT Bumi Anugerah Semesta)[3]	Indonesia	Trading	**99.9999**	99.9902
PT Borneo Indobara[2]	Indonesia	Coal mining	**98.0951**	98.0951
PT Karya Cemerlang Persada[2]	Indonesia	Coal mining	**99.9998**	99.9998
PT Bungo Bara Utama[2]	Indonesia	Coal mining	**99.9998**	99.9998
PT Bara Harmonis Batang Asam[2]	Indonesia	Coal mining	**99.9998**	99.9998
PT Berkat Nusantara Permai[2]	Indonesia	Coal mining	**99.9998**	99.9998
PT Tanjung Belit Bara Utama[2]	Indonesia	Coal mining	**99.9998**	99.9998
PT GEMS Energy Indonesia[4]	Indonesia	Trading	**99.9902**	99.9902
Shanghai Jingguang Energy Co. Ltd[4]	People's Republic of China	Coal trading	**100.0000**	100.0000
PT Era Mitra Selaras[6]	Indonesia	Holding company	**100.0000**	–
PT Wahana Rimba Lestari[6]	Indonesia	Coal mining	**100.0000**	–
PT Berkat Satria Abadi[6]	Indonesia	Coal mining	**100.0000**	–

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by member firms of Ernst & Young Global in the respective countries.

(3) Exempted/not required to be audited by the law of its country of incorporation.

(4) Not audited since its incorporation as deemed not material to the Group.

(5) Audited by KAP Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan

(6) Audited by KAP Mirawati Sensi Idris

15. Investment in subsidiaries (cont'd)

(b) Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group:

Name	Principal place of business	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting period
		%	US$'000
31 December 2016:			
PT Golden Energy Mines Tbk	Indonesia	33.0002	11,658

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before company eliminations of subsidiaries are as follows:

Summarised balance sheets

	2016 US$'000	2015 US$'000
Current		
Assets	**203,412**	195,737
Liabilities	**(53,894)**	(70,048)
Net current assets	**149,518**	125,689
Non-current		
Assets	**173,496**	173,930
Liabilities	**(58,857)**	(52,107)
Net non-current assets	**114,639**	121,823
Net assets	**264,157**	247,512

Summarised statement of comprehensive income

Revenue	**384,340**	353,186
Profit before tax	**48,917**	1,672
Income tax (expense)/benefit	**(14,690)**	417
Profit after tax	**34,227**	2,089
Other comprehensive income	**(1,200)**	453
Total comprehensive income	**33,027**	2,542

Other summarised information

Cash flows generated from/(used in) operating activities	**50,024**	(3,874)
Acquisition of significant property, plant and equipment	**(1,864)**	(2,473)

15. Investment in subsidiaries (cont'd)

(d) Acquisition of subsidiaries

Acquisition of EMS

On 20 September 2016, the Group's subsidiary company, GEM and KIM acquired 100% share ownership in EMS and its subsidiaries. On the date of acquisition, EMS and its subsidiaries have not started its operation.

The estimated fair value of EMS identifiable assets and liabilities as of the acquisition date is as follows:

	Estimated fair value recognised on acquisition US$'000
Mining properties	37,405
Other non-current assets	123
Cash and cash equivalents	744
Other payables and accruals	(503)
Deferred tax liabilities	(7,159)
Total identifiable net assets at estimate fair value	30,610
Fair value of purchase consideration	(37,769)
Provisional goodwill arising from acquisition	(7,159)

Effect of the acquisition of EMS on cash flow

Total consideration for 100% equity interest acquired	37,769
Less: Non-cash consideration	–
Consideration settled in cash	37,769
Less: Cash and cash equivalents of subsidiary acquired	(743)
Net cash outflow on acquisition	37,026

Impact of the acquisition on profit or loss

From the acquisition date, EMS Group has contributed no revenue and incurred loss of US$0.1 million for the year. If the business combination had taken place at the beginning of the year, the revenue and profit net of tax from continuing operations would have been the same.

15. Investment in subsidiaries (cont'd)

(d) Acquisition of subsidiaries (cont'd)

Reverse Acquisition

As described in Note 1.2, the Company completed its Reversed Acquisition on 20 April 2015.

The fair value of the identifiable assets and liabilities of GEAR as at acquisition date were:

	Fair value recognised on acquisition (Restated) US$'000
Biological assets	6,241
Property, plant and equipment	7,009
Intangible assets	13,046
Deferred tax assets	179
Inventories	722
Trade and other receivables	3,805
Cash and bank balances	1,451
Trade and other payables	(20,912)
Amount due to holding company	(852)
Short term loans	(70,460)
Deferred tax liabilities	(2,968)
Post-employment benefits	(90)
Total identifiable net liabilities at fair value	(62,829)
Fair value of consideration transferred[(1)]	(35,039)
Goodwill arising from Reverse Acquisition	(97,868)
Effect of the Reverse Acquisition on cash flow	
Total consideration for 66.9998% equity interest acquired	35,039
Less: Non-cash consideration	(35,039)
Consideration settled in cash	–
Add: Cash and bank balances of subsidiary acquired	1,451
Net cash inflow on the Reverse Acquisition	1,451

(1) The consideration for the Reverse Acquisition was determined in the form of deemed equity issued by GEMS of 242,882,384 for the Reverse Acquisition and the closing market price as at 20 April 2015, the last trading day before the Completion Date, of Rp1,860 (equivalent to US$0.14426) per share, representing the fair value of the equity of the Company before the Reverse Acquisition.

15. Investment in subsidiaries (cont'd)

(d) Acquisition of subsidiaries (cont'd)

***Reverse Acquisition* (cont'd)**

As disclosed in Note 14, the fair value of the net in identifiable assets and liabilities and goodwill as at 31 December 2015 were provisional. In the current year, the Group has finalised the purchase price allocation.

The effects of the adjustment on business combination on the balance sheet and comprehensive income in the prior year are summarised below.

	As previously reported US$'000	Prior year adjustments US$'000	As Restated US$'000
Statement of comprehensive income			
Finance cost	(11,662)	(272)	(11,934)
Other operating expenses	(7,958)	(337)	(8,295)
Balance sheets			
Intangible assets	–	12,709	12,709
Goodwill on consolidation	109,879	(11,317)	98,562
Loan and borrowings	125,853	(325)	125,528
Deferred tax liabilities	1,153	2,215	3,368
Reserves	(40,496)	(505)	(41,001)
Non-controlling interests	82,078	7	82,085

Impact of the acquisition on profit or loss

From the Completion Date up to the end of prior year, the Company had contributed US$10.24 million of loss, net of tax to the Group's loss for the prior year. Had the Reverse Acquisition taken place at the beginning of the prior year, the Group's loss net of tax for the prior year would have been US$8.44 million higher, and the Group's loss net of tax for the prior year would have amounted to US$17.10 million.

16. Deferred tax

The deferred tax as at 31 December relates to the following:

	Group				Company	
	Consolidated balance sheets		Consolidated comprehensive income		Balance sheets	
	2016 US$'000	2015 Restated US$'000	2016 US$'000	2015 Restated US$'000	2016 US$'000	2015 US$'000
Deferred tax assets:						
Unabsorbed tax losses	**4,830**	6,657	**(1,868)**	2,554	**–**	–
Stripping activity asset	**776**	774	**2**	(10)	**–**	–
Post-employment benefits liability	**684**	551	**127**	114	**–**	–
Allowance for impairment	**2**	2	**–**	–	**–**	–
Provision for mine closure	**419**	340	**79**	102	**–**	–
Others	**295**	214	**31**	476	**–**	–
	7,006	8,538			**–**	–

16. Deferred tax (cont'd)

The deferred tax as at 31 December relates to the following: (cont'd)

	Group				Company	
	Consolidated balance sheets		Consolidated comprehensive income		Balance sheets	
	2016 US$'000	2015 Restated US$'000	2016 US$'000	2015 Restated US$'000	2016 US$'000	2015 US$'000
Deferred tax liabilities:						
Mining properties from business combinations	**(7,631)**	(480)	**(8)**	(25)	**–**	–
Biological assets	**(20)**	(673)	**653**	673	**–**	–
Fair value adjustments	**(2,074)**	(2,215)	**141**	103	**–**	–
Others	**(95)**	–	**(140)**	–	**(95)**	–
	(9,820)	(3,368)			**(95)**	–
			(983)	3,987		

The Group has unabsorbed tax losses of approximately US$3.05 million (2015: US$9.43 million), that is available for offset against future taxable profits, subjected to a maximum of five years period based on the Indonesia tax regulation, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the Indonesia tax authorities.

17. Amounts due from subsidiaries

	Company	
	2016 US$'000	2015 US$'000
Amount due from subsidiaries	**126,366**	127,118
Less: Impairment loss	**(126,149)**	(127,118)
	217	–
Movement in impairment loss:		
At 1 January	**127,118**	145,161
Reversal for the year	**(272)**	(296)
Charge for the year	**249**	27
Bad debts written off	**–**	(11,805)
Net exchange differences	**(946)**	(5,969)
At 31 December	**126,149**	127,118

The amounts due from subsidiaries are deemed as part of the Company's net investments in the respective subsidiaries. They are unsecured, interest-free and not expected to be repaid within the next 12 months.

17. Amounts due from subsidiaries (cont'd)

Amounts due from subsidiaries denominated in foreign currencies as at year end are as follows:

	Company	
	2016	2015
	US$'000	US$'000
USD	**55,013**	54,969
IDR	**12,067**	11,753

The Company had fully impaired the amounts due from subsidiaries in the previous year as the subsidiaries had been persistently making losses and were in net liability positions.

During the financial year, there was a reversal of impairment loss of US$272,000 (2015: US$296,000) from its subsidiaries, due to recovery of debts.

18. Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Current				
Trade receivables				
- Related parties	**7,383**	28,763	**–**	–
- Third parties	**37,815**	28,901	**127**	147
Receivables due from subsidiaries:				
- Non-trade	**–**	–	**1,510**	239
Other receivables	**33,946**	32,896	**77**	11
	79,144	90,560	**1,714**	397
Less: Allowance for doubtful Debts	**(98)**	(10)	**–**	–
	79,046	90,550	**1,714**	397
Non-current				
Other receivables				
- Related parties	**84**	481	**–**	–
- Third parties	**174**	229	**–**	–
	258	710	**–**	–
Total trade and other receivables (current and non-current)	**79,304**	91,260	**1,714**	397
Add:				
Cash and bank balances (Note 21)	**79,076**	44,487	**20,354**	183
Other current assets (Note 19)				
- Deposits	**1,013**	130	**58**	6
Other non-current assets (Note 19)				
- Deposits	**945**	19,785	**–**	–
- Others	**–**	51	**–**	–
Amounts due from subsidiaries (Note 17)	**–**	–	**217**	–
Total loans and receivables	**160,338**	155,713	**22,343**	586

18. Trade and other receivables (cont'd)

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables due from subsidiaries are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Included in other receivables is a US$31.58 million (2015: US$30 million) short term loan granted to Asia Coal Energy Ventures Limited ("ACEV") by the Group. The rate of interest on the loan for each relevant interest period is the percentage rate per annum which is the aggregate of (a) 10.0% per annum, and (b) LIBOR (as defined in the Facility Agreement). The effective interest rate is 10.5% (2015: 10.3% per annum). The loan is secured by a share charge in favour of the Group over ASM Administration Limited's ("ASM") shares in ACEV representing 10.0% of the entire issued shares of ACEV as at the date, and at all times during the tenure, of the Facility Agreement. Under the Facility Agreement, the Group may on or after the date on which the loan is to be repaid elect to exchange all or part of the outstanding amount of the Loan for shares that are the subject of the share charge. The maturity of the facility was extended from April 4, 2016 to May 18, 2017.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to US$18.95 million (2015: US$10.06 million) that are past due at the balance sheet date but not impaired as follows:

	2016 US$'000	2015 US$'000
Trade receivables past due:		
1 to 60 days	**10,993**	9,969
61 to 90 days	**3,743**	19
More than 90 days	**4,218**	76
	18,954	10,064

Trade receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2016 US$'000	2015 US$'000
Trade receivables - nominal amount	**98**	10
Less: Allowance for impairment	**(98)**	(10)
	–	–
Movement in allowance account:		
At 1 January	**10**	10
Charged during the year	**88**	–
At 31 December	**98**	10

18. Trade and other receivables (cont'd)

Trade receivables that are impaired (cont'd)

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Trade and other receivables denominated in foreign currencies as at year end are as follows:

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
IDR	**38,007**	35,678	**–**	–

19. Other current and non-current assets

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Current				
Prepayments	**538**	1,092	**33**	33
Advances[1]	**58,403**	45,474	**–**	–
Deposits	**1,013**	130	**58**	6
	59,954	46,696	**91**	39
Non-current				
Software	**276**	462	**–**	–
Land exploitation	**13,251**	14,364	**–**	–
Prepayments[2]	**822**	862	**–**	–
Advances	**723**	785	**–**	–
Deposits:[3]	**5,347**	26,720	**–**	–
Others[4]	**3,148**	4,176	**–**	–
	23,567	47,369	**–**	–

(1) Advances to supplier mainly consist of advances for purchase of coal.

(2) Prepayments mainly consist of rental of building.

(3) Deposits mainly consist of reclamation guarantee, land damage and mining service deposits paid to third parties. The refundable deposits portion is US$0.95 million (2015: US$19.78 million) as at 31 December 2016.

(4) Others mainly consist of estimated claim for tax refund. The balances are expected to be settled in cash.

19. Other current and non-current assets (cont'd)

Other current and non-current assets denominated in foreign currencies as at year end are as follows:

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
IDR	**21,844**	25,380	**–**	–

The movement in the software and land exploitation are as follows:

	Software		Land exploitation	
Group	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Cost:				
At beginning of the year	**2,051**	1,918	**20,053**	15,755
Addition	**53**	133	**1,743**	4,298
At end of the year	**2,104**	2,051	**21,796**	20,053
Accumulated amortisation:				
At beginning of the year	**1,589**	1,228	**5,689**	3,036
Amortisation	**239**	361	**2,856**	2,653
At end of the year	**1,828**	1,589	**8,545**	5,689
Net carrying amount				
At 31 December	**276**	462	**13,251**	14,364

20. Inventories

	Group	
	2016 US$'000	2015 US$'000
Balance sheets:		
Coals	**7,366**	14,530
Coals in transit	**518**	1,551
Spare parts	**188**	227
Logs	**–**	230
Raw materials	**–**	2
Others	**565**	3
Total inventories at lower of cost and net realisable value	**8,637**	16,543
Consolidated Statement of Comprehensive Income:		
Inventories recognised as an expense in cost of sales	**56,916**	39,674
Inventories written-down	**38**	249

20. Inventories (cont'd)

Coal inventories owned by the Group was used as fiduciary collateral to guarantee the payment of Omnibus Trade Non Cash Backed loan facility obtained by the Group from PT Bank Danamon Indonesia Tbk (Note 23 (c)).

As at 31 December 2016, the coal inventory at Bunati port and at KIM's block mining area located in Jambi were insured to PT Asuransi Asoka Mas, a third party, with total coverage amounting to US$11.1 million (2015: US$10.5 million). Management believes that the inventory is adequately insured to cover the risk of loss and damage.

21. Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Cash on hand	**153**	84	**–**	–
Cash at banks	**65,636**	30,707	**20,354**	183
Short-term deposits	**13,287**	13,696	**–**	–
	79,076	44,487	**20,354**	183

Short term deposits are made for varying periods of between one and three months, depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The effective interest rates as at 31 December 2016 for the Group were as follows:

	Group		Company	
	2016	2015	2016	2015
	%	%	%	%
IDR	**6.75% - 8.00%**	7.25% - 9.00%	**–**	–
USD	**0.2% - 1.25%**	1.25%	**–**	–

Cash and cash equivalents denominated in foreign currencies as at year ended are as follows:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
IDR	**42,651**	17,614	**6**	–

22. Trade and other payables

	Group		Company	
	2016	2015 Restated	2016	2015
	US$'000	US$'000	US$'000	US$'000
Current				
Trade payables:[1]				
- Related parties	**1,513**	15,070	**–**	–
- Third parties	**34,049**	39,933	**–**	–
Other payables:				
- Related parties[2]	**9**	940	**–**	875
- Subsidiaries[3]	**–**	–	**1,796**	1,787
- Third parties[4]	**2,915**	9,207	**–**	–
Accrued expenses[5]	**9,281**	7,439	**256**	227
Accrual for directors' fee and bonus	**315**	365	**315**	365
Non-trade payables[4]	**11,891**	12,690	**8,803**	9,255
Advances received[6]	**1,915**	1,758	**–**	–
Others	**97**	35	**–**	–
	61,985	87,437	**11,170**	12,509
Non-current				
Guarantee deposits	**112**	109	**–**	–
Total trade and other payables (current and non-current)	**62,097**	87,546	**11,170**	12,509
Add: Loans and borrowings (Note 23)	**49,658**	125,528	**–**	73,146
Less: Advances received	**(1,915)**	(1,758)	**–**	–
Total financial liabilities carried at amortised costs	**109,840**	211,316	**11,170**	85,655

(1) Trade payables are non-interest bearing and normally settled on 30 to 120 days' terms.

(2) Other payables to related parties is non-interest bearing (2015: 6.0%) and repayable on demand (2015: maturity on 31 July 2016).

(3) Other payables to subsidiaries are unsecured, non-interest bearing and repayable on demand.

(4) Other payables and non-trade payables to third parties are generally non-interest bearing and repayable on demand. In 2015, it included an amount of US$5.32 million bearing interest of 1.96% per annum with maturity period of 90 days.

(5) Accrued expenses from third parties in relate to professional fees, rental and royalty.

(6) Advances received from third parties in relate to logs and coal sales.

22. Trade and other payables (cont'd)

Trade and other payables denominated in foreign currencies as at year ended are as follows:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
IDR	**30,130**	32,881	**–**	–

23. Loans and borrowings

	Note	Group		Company	
		2016	2015 Restated	2016	2015
		US$'000	US$'000	US$'000	US$'000
Current:					
Short-term loan, secured	(a)	**–**	10,961	**–**	10,961
Short-term loan, unsecured	(b)	**–**	5,315	**–**	5,407
Short-term loan, secured	(c)	**2,270**	4,369	**–**	–
		2,270	20,645	**–**	16,368
Non-Current:					
Long term loan, secured	(d)	**–**	56,545	**–**	56,778
Long-term loan, secured	(e)	**47,388**	48,338	**–**	–
		47,388	104,883	**–**	56,778
Total loans & borrowings		**49,658**	125,528	**–**	73,146

(a) The loan was secured by the woodchip mill asset. The loan bears effective interest from 6.49% to 7.10% (2015: 6.24% to 7.63%) per annum.

On 25 July 2014, the financial institution agreed to extend the loan maturity to 31 March 2015 subject to the condition that the Company shall provide the financial institution with fortnightly updates on the progress of the on-going DSS Acquisition.

On 30 September 2015, the financial institution have agreed to extend the repayment date of the Existing Indebtedness to the earlier of (i) 31 March 2016 and (ii) three business days after the date of the completion of the Post-Completion Placement, subject to the condition, inter alia, that the Company shall continue to provide the financial institution with fortnightly updates on the progress of the Post-Completion Placement.

On 29 April 2016, the loan was novated to a third party with the same terms and conditions.

As at 31 December 2016, the loan has been fully paid.

(b) On 6 November 2012, the Company and a financial institution entered into a US$4.00 million loan agreement to finance the expenses relating to the DSS Acquisition. The loan is unsecured, bears interest at 12.5% per annum.

At 31 December 2015, the Company utilised US$4.00 million (31 December 2014: US$4.00 million) for payment of professional and expenses relating to the DSS Acquisition.

23. Loans and borrowings (cont'd)

(b) On 16 February 2015, the Company received a deed of undertaking from the financial institution that the repayment date of the outstanding obligations under the US$4.00 million loan to be three business days after the date of the completion of the Compliance Placement.

As at 31 December 2016, the loan has been fully paid.

(c) On 12 July 2013, the Group obtained Omnibus Trade Non Cash Backed loan facility from the financial institution for a maximum amount of US$5.00 million, which is valid until 12 July 2014. This facility can be used with (sublimit) Trade Cash (Funded) loan facility in form of Pre-Shipment Financing (PSF) with a maximum amount of US$5.00 million and bears interest at 5.25% per annum and Open Account Financing (OAF) Buyer and Seller facility with a maximum amount at 5.5% per annum. Repayment periods for PSF and OAF facilities maximum 90 days.

This loan facility is secured by trade receivable and/or inventories for a minimum amount of US$11.00 million and margin deposit amounting to US$1.75 million.

Based on Amendment to Omnibus Trade Finance Facility Agreement dated 3 July 2014, the financial institution and the Group agreed that the omnibus trade non cash backed facility can be used (sublimit) by a subsidiary. The term of the facility have been extended several time, the latest was extended until 30 April 2017.

(d) The loan was secured by a share pledge and a share charge over the entire issued and paid up share capital in certain subsidiaries.

The loan bears interest of 12% (2015: 10.0%) per annum.

On 23 November 2015, the Company and the financial institution have entered into a new standstill agreement to agree on the following:

- Extension of the repayment date of the Existing Indebtedness to the earlier of (i) 15 April 2017 and (ii) three business days after the date of the completion of the compliance placement.

- Waiver of any additional interest payable by the Company.

On 12 December 2016, the Company and the financial institution entered into a settlement agreement and to restate the previous terms and agreement where the interest shall accrue from the date of the initial loan agreement up to and including 19 April 2015.

As at 31 December 2016, the loan has been fully paid.

(e) On 25 March 2015, the Group signed a term loan facility of US$50.00 million with a financial institution. This credit facility is intended to be deployed for investments in property, plant and equipment.

On 6 April 2015, the Group drew down US$20.00 million of the term loan facility from the financial institution and on 25 September 2015, the Group drew down the remaining facility of US$30.00 million.

This term loan has a tenor of 10 years at an interest rate of 10% per annum and subject to rate revisions from time to time. Effective on July 1, 2016, the interest rate for this facility decreased to 9.50%.

The collaterals for loan include certain property and equipment of the subsidiaries and pledge of shares and corporate guarantee from Group companies.

23. Loans and borrowings (cont'd)

(e) In accordance with the loan agreement, the Group is required to maintain certain financial ratios, with which the Group was in compliance as at 31 December 2016. The Group is also required to comply with certain terms and conditions relating to its Articles of Association, the nature of the business, dividends, corporate actions, financing activities and other matters. As at 31 December 2016, the Group is in compliance with the related terms and conditions.

Unused Credit Facility

In May 2016, The Group obtained demand loan and term loan facilities from financial institution for a maximum amount of US$30 million and US$10 million, respectively. The loan bears an interest of 9% per annum (subject to rate revisions from time to time). These credit facilities is intended to be utilised for working capital and with a maturity date on 11 May 2017. The collateral for these credit facilities include pledge of shares and corporate guarantee from Group companies.

24. Post-employment benefits

The Group recognised liabilities for post-employment benefits based on the actuarial calculation by an independent actuary. The post-employment benefits arise from subsidiaries domiciled in Indonesia.

The present value of the defined post-employment benefit obligations, and the related current service cost and past service cost, were measured using the projected unit credit method. No funding has been made to this defined benefit scheme.

The principal assumptions used in determining post-employment benefits as at reporting date were as follows:

	Group	
	2016	**2015**
Normal retirement age	**55 years**	55 years
Salary increment rate per annum	**7.0%**	8.0%
Discount rate per annum	**8.0%**	9.0%
Mortality rate *	**TMI 2011**	TMI 2011
Disability level	**10.0% of TMI 2011**	10.0% of TMI 2011
Resignation level per annum	**10.0% up to age 25 reducing linearly to 1.0% at age 45 and thereafter**	10.0% up to age 25 reducing linearly to 1.0% at age 45 and thereafter

* Standard Ordinary Mortality table in Indonesia ("TMI").

24. Post-employment benefits (cont'd)

The amount recognised in the balance sheets is determined as follows:

	Group	
	2016	**2015**
	US$'000	**US$'000**
Present value of defined benefit obligations and total post-employment benefits	**2,338**	1,907
Movements in the account are as follows:		
At 1 January	**1,907**	1,917
Acquisition of subsidiary	**–**	90
Remeasurement recognised in other comprehensive income	**67**	(309)
Post-employment benefits expenses recognised in profit or loss	**495**	497
Transferred liability for transferred employees	**(135)**	(82)
Exchange difference	**4**	(206)
At 31 December	**2,338**	1,907

The components of post-employment benefits expense recognised in profit or loss:

	Group	
	2016	**2015**
	US$'000	**US$'000**
Current service cost	**407**	382
Interest cost on defined benefit obligations	**185**	146
Employment benefit directly paid during the year	**(97)**	(31)
Post-employment benefits expense	**495**	497

Post-employment benefits expense is recognised in the "Administrative expenses" line item in the consolidated statement of comprehensive income.

The following table summarises the components of post-employment benefits expense recognised in other comprehensive income:

	Group	
	2016	**2015**
	US$'000	**US$'000**
Before tax	**(67)**	309
Tax charge	**21**	(74)
After tax	**(46)**	235

24. Post-employment benefits (cont'd)

The sensitivity analysis below has been determined based on reasonably possible changes of significant assumption on the post-employment benefits as of the end of the reporting period, assuming if all other assumptions were held constant.

	Present value of obligation		Current service cost	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
As reported using discount rate of 8% (2015: 9.0%) per annum	**2,338**	1,907	**495**	497
Increase by 100 basis points	**2,309**	1,719	**589**	584
Decrease by 100 basis points	**2,509**	2,132	**589**	584

25. Provision for mine closure

Provision for mining closure is for restoration and rehabilitation of mining areas.

	Group	
	2016 US$'000	2015 US$'000
At 1 January	**1,396**	986
Charged to profit or loss	**280**	410
At 31 December	**1,676**	1,396

26. Share capital

	Group		Company	
	Number of shares '000	US$'000	Number of shares '000	US$'000
Issued and fully paid:				
At 1 January 2015	3,864,251	294,085	3,864,251	257,956
Share consolidation[1]	(3,786,966)	–	(3,786,966)	–
Conversion of Mandatory Convertible Bonds	48,690	–	48,690	29,974
Issuance of shares pursuant to Reverse Acquisition	2,044,145	35,039[2]	2,044,145	1,258,414[3]
Non-controlling interest pursuant to Reverse Acquisition	–	(97,048)	–	–
Share issuance expenses	–	–	–	(173)
At 31 December 2015 and 1 January 2016	2,170,120	232,076	2,170,120	1,546,171
Issuance of shares pursuant to Compliance Placement	182,980	85,098	182,980	86,102
Share issuance expenses	–	(921)	–	(921)
At 31 December 2016	2,353,100	316,253	2,353,100	1,631,352

26. Share capital (cont'd)

The ordinary shares of the Company have no par value. The holders are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. All issued ordinary shares are fully paid.

The amount recognised as issued equity interest in the consolidated financial statements were determined by adding the issued equity interest of GEMS, outstanding immediately before the Reverse Acquisition to the fair value of GEAR Group at the Completion Date. However, the equity structure appearing in the balance sheets (i.e. the number and type of equity interests issued) shall reflect the equity structure of GEAR, including the equity interests issued to DSS to effect the Acquisition. Accordingly, the equity structure of GEMS Group is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of GEAR issued in the Reverse Acquisition.

(1) On 17 April 2015, every fifty (50) existing shares registered in the name of each shareholders were consolidated into one (1) consolidated share.

(2) This represents the fair value of the consideration transferred in relation to the Reverse Acquisition. The consideration transferred is determined using the fair value of the entity of GEMS before the acquisition, being 242,882,384 at Rp1,860 (equivalent to US$0.14426) per share which represents the quoted and traded price of GEMS shares on 20 April 2015, i.e the close of trading, before the Reverse Acquisition.

(3) This represents the purchase consideration for the Company's Reverse Acquisition which was satisfied by the allotment and issuance of ordinary shares at S$0.8301 (equivalent to US$0.61562) per share which represents the quoted and traded price of the Company's shares prior to the completion of the Reverse Acquisition.

27. Operating lease commitments - as lessee

The Group leases certain motor vehicle, office equipment and property under lease agreements that are non-cancellable with no renewal option or escalation clauses included in the contracts. Lease terms do not contain restrictions concerning dividend, additional debts or further leasing.

	Group	
	2016	**2015**
	US$'000	**US$'000**
Minimum lease payments under operating leases recognised as an expense in the financial year	**2,952**	3,940

Future minimum lease payments for all leases with initial or remaining terms of one year or more are as follows:

	2016	**2015**
	US$'000	**US$'000**
Within one year	**1,674**	1,578
After one year but not more than five years	**1,216**	1,452
	2,890	3,030

28. Related party disclosures

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2016	**2015**
	US$'000	**US$'000**
Sales to related parties	**118,397**	154,021
Management fee income from a related party	**668**	152
Reversal of prior year interest expense	**4,029**	–
Interest income from related parties	**69**	116
Purchases paid to related parties	**(18,459)**	(17,886)
Rental expenses paid to related parties	**(745)**	(914)
Repair & maintenance paid to related parties	**(1,042)**	(1,032)
Professional fees paid to related parties	**–**	(3,361)
Insurance expenses paid to related parties	**(1,091)**	(1,231)
Interest expenses paid to related parties	**(48)**	(3,932)

Related parties are subsidiaries and associates of Sinarmas Group and its subsidiaries, excluding entities within the Group.

b) Compensation of key management personnel

	Group	
	2016	**2015**
	US$'000	**US$'000**
Short-term employee benefits	**3,628**	3,241
Central Provident Fund contributions	**53**	55
Other short-term benefits	**153**	300
	3,834	3,596
Comprises amounts paid and payable to:		
- directors of the Company	**1,700**	1,375
- other key management personnel	**2,134**	2,221
	3,834	3,596

Included in the compensation paid or payable to key management personnel are contributions to defined contribution plan amounted to US$52,642 (2015: US$54,698).

29. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Fair value measurement that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities carried at fair value at the end of the reporting period:

	Group			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Recurring fair value measurements:				
31 December 2016				
Assets				
Non-financial assets				
Biological assets	–	–	–	–
31 December 2015				
Assets				
Non-financial assets				
Biological assets	–	–	3,766	3,766

There has been no transfer from Level 1 and Level 2 and Level 3 for the financial years ended 31 December 2016 and 31 December 2015 respectively.

29. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

Methods and assumption used to determine fair value

Fair value of biological assets has been determined based on valuations by an independent professional valuer using discounted cash flows of the underlying biological assets. Please refer to Note 10 for more details.

Valuation policies and procedures

The Group's Chief Financial Officer (CFO) oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the CFO reports to the Group's Audit Committee. For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations. These are reviewed by the Audit Committee for submission to the Board of Directors for approval. Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade and other receivables (Note 18), excluding the amount disclosed in Note 29(d), cash and cash equivalents (Note 21), trade and other payables (Note 22), and loans and borrowings (Note 23).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

(d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follow. These financial assets are categorised within Level 3 of the fair value hierarchy.

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	US$'000	US$'000	US$'000	US$'000
Financial assets:				
Other investments	**14**	*****	14	*
Other receivables	**–**	**–**	30,000	30,748

29. Fair value of assets and liabilities (cont'd)

(d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd)

Determination of fair value

The financial assets are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or leasing arrangements at the date of statements of financial position.

* Other investments are investments in other unquoted ordinary shares representing equity ownership interest of below 20% are carried at cost as their fair values cannot be reliably measured. The Group does not intend to dispose this investment in foreseeable future.

30. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk, foreign currency risk and commodity price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks except as described below.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from its floating interest rate loans and borrowings.

Currently the Group does not have an interest rate policy. At the balance sheet date, the Group has short-term loans and borrowings of which majority of the loans carried fixed interest rate except for one loan that is subject to floating interest rate. The floating interest rate does not vary significantly with the movements in the market interest rates.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if the interest rates had been 75 (2015: 75) basis points lower/higher with all other variables held constant, the Group's loss net of tax would have been approximately US$407,000 (2015: US$617,000) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility in prior years.

Information relating to the Group's interest rate exposure is also disclosed in various notes to the financial statements.

30. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Group and the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Group and the Company is exposed to liquidity risk in respect of its cash flow management to fund its ongoing operations as well as settlement of its short-term loans and borrowings and all of its current liabilities. The Group's and the Company's objective is to maintain an appropriate level of liquid assets to meet its liquidity requirements in the short term.

The Group and the Company manage its liquidity needs by monitoring its forecasted cash inflows and outflows from its day to day operations. Liquidity needs are then monitored in various time bands such as daily, weekly as well as on a rolling of 30 days rolling projection. Net cash requirements are then compared to available cash and cash equivalents in order to determine the cash shortfalls.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	Group			
	1 year or less US$'000	2 to 5 years US$'000	More than 5 years US$'000	Total US$'000
2016				
Financial assets:				
Trade and other receivables	79,046	258	–	79,304
Cash and bank balances	79,076	–	–	79,076
Other current assets	1,013	–	–	1,013
Other non-current assets	–	945	–	945
Total undiscounted financial assets	159,135	1,203	–	160,338
Financial liabilities:				
Trade and other payables	60,070	112	–	60,182
Loans and borrowings	7,092	46,593	22,640	76,325
Total undiscounted financial liabilities	67,162	46,705	22,640	136,507
Total net undiscounted financial assets/ (liabilities)	91,973	(45,502)	(22,640)	23,831
2015				
Financial assets:				
Trade and other receivables	90,550	710	–	91,260
Cash and bank balances	44,487	–	–	44,487
Other current asset	130	–	–	130
Other non-current assets	–	19,836	–	19,836
Total undiscounted financial assets	135,167	20,546	–	155,713
Financial liabilities:				
Trade and other payables	85,694	109	–	85,803
Loans and borrowings	33,480	88,276	46,653	168,409
Total undiscounted financial liabilities	119,174	88,385	46,653	254,212
Total net undiscounted financial assets/ (liabilities)	15,993	(67,839)	(46,653)	(98,499)

30. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	Company		
	1 year or less US$'000	2 to 5 years US$'000	Total US$'000
2016			
Financial assets:			
Trade and other receivables	1,714	–	1,714
Cash and bank balances	20,354	–	20,354
Other current assets	–	58	58
Amounts due from subsidiaries	–	217	217
Total undiscounted financial assets	22,068	275	22,343
Financial liabilities:			
Trade and other payables	11,170	–	11,170
Total undiscounted financial liabilities	11,170	–	11,170
Total net undiscounted financial assets	10,898	275	11,173
2015			
Financial assets:			
Trade and other receivables	397	–	397
Cash and bank balances	183	–	183
Other current assets	–	6	6
Total undiscounted financial assets	580	6	586
Financial liabilities:			
Trade and other payables	12,509	–	12,509
Loans and borrowings	23,988	59,051	83,039
Total undiscounted financial liabilities	36,497	59,051	95,548
Total net undiscounted financial liabilities	(35,917)	(59,045)	(94,962)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables and compensation income expected to be receivable from mining licensees.

Credit risk is limited to the risk arising from the inability of a debtor to make payments when due. It is the Group's policy to provide credit terms to creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. For international trade transaction of significant value, the Group accepts letter of credit issued by a reputable international bank.

30. Financial risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

Exposure to credit risk

The carrying amount of trade and other receivables and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade and other receivables and deposits on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables and deposits at the balance sheet date is as follows:

	2016		2015	
	US$'000	**% of total**	**US$'000**	**% of total**
By country				
Singapore	**204**	**0%**	159	0%
Indonesia	**81,058**	**100%**	111,067	100%
Total	**81,262**		111,226	
By industry sector				
Coal	**80,328**	**99%**	110,227	99%
Forestry and pulp	**672**	**1%**	834	1%
Others	**262**	**0%**	165	0%
Total	**81,262**		111,226	

As at 31 December 2016 and 31 December 2015, there were no significant concentrate of credit risk with any single customer.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors. Cash and cash equivalents that are neither past due nor impaired are placed with reputable local or international banks with high credit ratings.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired are disclosed in Note 18.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily IDR. Approximately 58% (2015: 52%) of the Group's sales are denominated in foreign currency. The Group hold cash and cash equivalents primarily denominated in foreign currencies for working capital purposes (Note 21). The Group's trade receivable and payable balances at the reporting date have similar exposure. The foreign currency in which these transactions are denominated is mainly in IDR. Currently, there is no policy to reduce currency exposure through forward currency contracts, derivatives transactions or other arrangements. However the Group relies on its operational cash flow to hedge against the foreign currency exposure.

30. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

The Group is also exposed to currency translation risk arising from its net investments in foreign operations in countries such as Indonesia, Mauritius and British Virgin Islands. The Group does not hedge this currency exposure.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the IDR against USD, with all other variables held constant.

		Group Profit net of tax	
		2016 US$'000	**2015 US$'000**
IDR/USD	- strengthened 7% (2015: 7%)	**(4,619)**	(2,247)
	- weakened 7% (2015: 7%)	**5,315**	2,585

(e) Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in commodity prices.

The Group is exposed to commodity price risk arising from changes in market value of the mature biological assets.

The Group's objective is to monitor the trend of these commodity prices and would reduce level of harvesting activities in period of price decline.

Sensitivity analysis for commodity price risk

At the balance sheet date, if the price of logs had been 5% (2015: 5%) higher/lower with all other variables held constant, the Group's loss net of tax would have been US$267,750 (2015: US$761,000) lower/higher, arising as a result of higher/lower fair value gains on the biological assets.

31. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. The Group is required to comply with financial covenants, if any, imposed by financial institutions. No changes were made in the objectives, policies or processes between the years ended 31 December 2016 and 2015 respectively.

The Group monitors capital using gearing ratio.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as loans and borrowings, trade and other payables, less cash and cash equivalents. Total capital includes equity attributable to the equity holders of the parent, capital reserves and other reserves plus net debt.

31. Capital management (cont'd)

	2016 US$'000	2015 Restated US$'000
Loans and borrowings	**49,658**	125,528
Trade and other payables	**62,098**	87,546
Less: Cash and cash equivalents	**(79,076)**	(44,487)
Net debts	**32,680**	168,587
Equity attributable to equity holders of the Company	**297,059**	191,075
Capital and net debts	**329,739**	359,662
Gearing ratio	**9.91%**	46.87%

32. Segment information

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- Coal mining is engaged in exploration, mining, processing and marketing of thermal coal from its coal mining concession areas.
- Coal trading is engaged in procuring sales orders from customers and sourcing for domestic suppliers.
- The Forestry and pulp segment is engaged in forestry operations and manufacture of wood chips.
- The Others segment are investment holding and trading company.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

32. Segment information (cont'd)

	Coal mining		Coal trading		Forestry & Pulp		Others		Elimination		Note	Consolidated	
	2016	2015	2016	2015	2016	2015 Restated	2016	2015	2016	2015		2016	2015 Restated
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000		US$'000	US$'000
Revenue:													
Revenue from external customers	**329,523**	300,414	**54,817**	52,772	**7,143**	6,433	**1,789**	152	**–**	–		**393,272**	359,771
Inter segment revenue	**–**	–	**525**	7,843	**108**	41	**–**	–	**(633)**	(7,884)	A	**–**	–
	329,523	300,414	**55,342**	60,615	**7,251**	6,474	**1,789**	152	**(633)**	(7,884)		**393,272**	359,771
Results:													
Segment results	**52,123**	23,768	**41,859**	(12,604)	**(31)**	615	**39,705**	(4,172)	**(81,013)**	(9,488)	B,C	**52,643**	(1,881)
Interest income												**6,099**	4,044
Finance costs												**(11,112)**	(11,934)
Profit/(Loss) before tax												**47,630**	(9,771)
Income tax (expense)/benefit												**(13,966)**	1,114
Profit/(Loss) for the year												**33,664**	(8,657)
Compensation income	**–**	–	**–**	–	**(485)**	(188)	**–**	–	**–**	–		**(485)**	(188)
Depreciation expenses	**4,357**	4,189	**151**	143	**439**	378	**5**	3	**–**	–		**4,952**	4,713
Amortisation expenses	**24,259**	29,697	**218**	341	**505**	337	**–**	–	**–**	–		**24,982**	30,375
Fair value loss on biological assets	**–**	–	**–**	–	**2,531**	2,726	**–**	–	**–**	–		**2,531**	2,726
Inventories written down	**–**	–	**–**	16	**38**	233	**–**	–	**–**	–		**38**	249
Assets and Liabilities:													
Segment assets	**194,594**	235,678	**358,348**	357,876	**11,304**	15,070	**83,524**	40,790	**(242,300)**	(253,788)	D	**405,470**	395,626
Segment liabilities	**112,972**	168,575	**86,476**	100,875	**162,684**	166,119	**5,324**	7,265	**(264,255)**	(312,809)	E	**103,201**	130,025

32. Segment information (cont'd)

A Inter-segment revenues are eliminated on consolidation.

B The following items are added to/(deducted from) segment results net of intra-segment elimination to arrive at "Profit/(Loss) before tax" present in the consolidated statement of comprehensive income:

	Coal mining US$'000	Coal trading US$'000	Forestry & Pulp US$'000	Others US$'000	Total US$'000
2016					
Other income	1,298	5,768	2,394	4,082	13,542
Selling and distribution expenses	(52,844)	(2,488)	(1,016)	(95)	(56,443)
Administrative expenses	(23,688)	(7,692)	(1,465)	(1,922)	(34,767)
Other operating (expenses)/income	(4,400)	4,913	(2,227)	(3,449)	(5,163)
2015					
Other income	685	4,066	313	121	5,185
Selling and distribution expenses	(61,465)	(5,145)	(711)	(14)	(67,335)
Administrative expenses	(23,689)	(10,483)	(831)	(1,392)	(36,395)
Other operating income/ (expenses)	6,279	(12,121)	3,275	(5,728)	(8,295)

C Elimination is relating to intra-group transactions which are eliminated on consolidation.

D Goodwill on investment acquired during the year, prepaid taxes and deferred tax assets amounting to US$105.72 million, US$0.14 million and US$7.01 million respectively, were excluded from segment assets.

E Non-trade payables, provision for taxation and deferred tax liabilities amounting to US$11.89 million, US$8.81 million and US$9.82 million respectively, were excluded from segment liabilities.

32. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		Non-current assets	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Indonesia	**229,113**	195,927	**292,464**	295,213
China	**96,965**	88,533	**–**	–
India	**52,569**	67,237	**–**	–
Korea	**5,926**	2,364	**–**	–
Thailand	**4,627**	931	**–**	–
Singapore	**1,859**	–	**9**	5
Malaysia	**1,535**	221	**–**	–
United Kingdom	**678**	152	**–**	–
Philippines	**–**	4,406	**–**	–
	393,272	359,771	**292,473**	295,218

Non-current assets information presented above consists of biological assets, property, plant and equipment and mining properties.

Major customer information

The Group's revenue derived from customers who individually account for 5% (2015: 10%) or more of the Group's revenue is detailed below:

	Coal mining		Coal trading		Forestry and pulp	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Customer						
Top 1st	**81,357**	76,484	**1,885**	5,820	**–**	–
Top 2nd	**52,277**	32,349	**–**	–	**–**	–
Top 3rd	**25,929**	25,382	**–**	–	**–**	–
Top 4th	**24,578**	24,266	**–**	1,422	**–**	–
Top 5th	**22,372**	23,765	**–**	(57)	**–**	–

33. Dividends

	Group	
	2016 US$'000	2015 US$'000
Final dividend for 2014 of Rp3.4 per share	–	1,500
Interim dividend for 2015 of US$0.00026 per share	–	524
	–	2,024

34. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors dated on 31 March 2017.

STATISTICS OF **SHAREHOLDINGS**

As at 16 March 2017

SHARE CAPITAL

Number of issued shares*	2,353,100,380*
Class of shares	Ordinary
Voting Rights	1 vote per ordinary share

* The Company does not hold any treasury shares as at 16 March 2017.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	2,667	24.28	96,869	0.00
100 - 1,000	4,213	38.34	1,922,543	0.08
1,001 - 10,000	3,150	28.68	12,185,933	0.52
10,001 - 1,000,000	930	8.47	42,452,351	1.81
1,000,001 AND ABOVE	26	0.23	2,296,442,684	97.59
TOTAL	**10,986**	**100.00**	**2,353,100,380**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	PT DIAN SWASTATIKA SENTOSA TBK	2,044,145,469	86.87
2	CITIBANK NOMINEES SINGAPORE PTE LTD	107,514,618	4.57
3	PHILLIP SECURITIES PTE LTD	25,347,730	1.08
4	DBS NOMINEES (PRIVATE) LIMITED	17,666,501	0.75
5	HSBC (SINGAPORE) NOMINEES PTE LTD	12,780,539	0.54
6	MAYBANK KIM ENG SECURITIES PTE. LTD.	12,556,841	0.53
7	RHB SECURITIES SINGAPORE PTE. LTD.	10,783,600	0.46
8	FIRST CAPITAL INSURANCE LIMITED - INSURANCE FUND A/C	9,069,281	0.39
9	EQ INSURANCE COMPANY LTD	8,088,731	0.34
10	PARAMOUNT ASSETS INVESTMENTS PTE LTD	7,020,000	0.30
11	ABN AMRO CLEARING BANK N.V.	4,980,600	0.21
12	RAFFLES NOMINEES (PTE) LIMITED	4,581,420	0.19
13	OCBC SECURITIES PRIVATE LIMITED	3,832,835	0.16
14	UOB KAY HIAN PRIVATE LIMITED	3,822,745	0.16
15	RHB BANK NOMINEES PTE LTD	3,389,616	0.14
16	BOARDROOM CORPORATE SERVICES (HK) LIMITED	3,111,859	0.13
17	NG WEE HAN	2,740,000	0.12
18	CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,451,779	0.10
19	METROPOLITAN REALTY PTE LTD	2,246,000	0.10
20	TAY CHEW LAN	2,238,000	0.10
	TOTAL	**2,288,368,164**	**97.24**

STATISTICS OF **SHAREHOLDINGS**

As at 16 March 2017

SUBSTANTIAL SHAREHOLDERS

(as shown in the Company's Register of Substantial Shareholders as at 16 March 2017)

	Direct Interest		Deemed Interest	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
PT Dian Swastatika Sentosa Tbk	2,044,145,469	86.87%	–	–
PT Sinar Mas Tunggal (1)	–	–	2,044,145,469	86.87%
PT Sinar Mas (1)	–	–	2,044,145,469	86.87%
PT Sinar Mas Cakrawala (1)	–	–	2,044,145,469	86.87%
PT Sinarindo Gerbangmas (1)	–	–	2,044,145,469	86.87%
Franky Oesman Widjaja (2)	–	–	2,044,145,469	86.87%
Muktar Widjaja (2)	–	–	2,044,145,469	86.87%
Indra Widjaja (2)	–	–	2,044,145,469	86.87%

Notes:

(1) PT Sinar Mas Tunggal is deemed interested in 2,044,145,469 shares held by PT Dian Swastatika Sentosa Tbk ("DSS") by virtue of its shareholding of no less than 20% of the issued share capital of DSS. PT Sinar Mas is deemed interested in 2,044,145,469 shares held by DSS by virtue of its shareholding of no less than 20% of the issued share capital of PT Sinar Mas Tunggal. PT Sinar Mas Cakrawala is deemed interested in 2,044,145,469 shares held by DSS by virtue of its shareholding of no less than 20% of the issued share capital of PT Sinar Mas. PT Sinarindo Gerbangmas is deemed interested in 2,044,145,469 shares held by DSS by virtue of its shareholding of no less than 20% of the issued share capital of PT Sinar Mas Cakrawala.

(2) Mr Franky Oesman Widjaja, Mr Muktar Widjaja and Mr Indra Widjaja are deemed interested in 2,044,145,469 shares held by DSS by virtue of their individual shareholdings of no less than 20% of the issued share capital of PT Sinarindo Gerbangmas.

The percentage of shareholding above is computed based on the total issued shares of 2,353,100,380.

Public Float

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") requires that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) of a listed company in a class that is listed is at all times held by the public. The Company has complied with this requirement. As at 16 March 2017, approximately 13.13% of its shares listed on the SGX-ST were held in the hands of the public.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Golden Energy and Resources Limited (the "**Company**") will be held at Carpenter 29 Restaurant, (金禧楼) Corporate Room Level 4, 29 Carpenter Street, Singapore 059923 on Friday, 28 April 2017 at 5.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Article 107 of the Constitution of the Company:

   Mr Fuganto Widjaja [See Explanatory Note (i)] **(Resolution 2)**
   Mr Lew Syn Pau [See Explanatory Note (ii)] **(Resolution 3)**
   Mr Irwandy Arif [See Explanatory Note (iii)] **(Resolution 4)**

3. To approve the payment of Directors' fees of S$232,000.00 for the year ended 31 December 2016 (previous year: S$209,279.45). **(Resolution 5)**

4. To approve the payment of Directors' fees of S$239,000.00 for the year ending 31 December 2017. **(Resolution 6)**

5. To re-appoint Ernst & Young LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

7. Authority to issue new shares

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub- paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier." **(Resolution 8)**

[See Explanatory Note (iv)]

By Order of the Board

Pauline Lee
Company Secretary

Singapore, 13 April 2017

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Fuganto Widjaja will, upon re-election as a Director of the Company, continue to serve as Executive Director and Group CEO of the Company. Detailed information on Mr Widjaja can be found under the section entitled "**Board of Directors**" in pages 8 and 9 of the Annual Report. Mr. Widjaja is a member of Nominating Committee. Mr. Widjaja is the son of Mr. Indra Widjaja and nephew of Mr. Franky Oesman Widjaja and Mr. Muktar Widjaja. Mr. Indra Widjaja, Mr. Franky Oesmen Widjaja and Mr. Muktar Widjaja who are the ultimate controlling shareholders of the Company. Except for the above, Mr. Widjaja does not have any relationship including immediate family relationship with the Directors or the Company as defined in the Code of Corporate Governance 2012.

(ii) Mr Lew Syn Pau will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee, Chairman of the Remuneration Committee, member of the Audit Committee and will be considered independent. Detailed information on Mr Lew can be found under the section entitled "**Board of Directors**" in pages 8 and 9 of the Annual Report. There are no material relationships (including immediate family relationships) between Mr Lew and the other directors or the Company.

(iii) Mr Irwandy Arif will, upon re-election as a Director of the Company, continue to serve as Independent Director of the Company. Detailed information on Mr Arif can be found under the section entitled "**Board of Directors**" in pages 8 to 9 and of the Annual Report. There are no material relationships (including immediate family relationships) between Mr Arif and the other directors or the Company.

(iv) The Ordinary Resolution 8 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

Notes:

1. (a) A member who is not a Relevant Intermediary, is entitled to appoint one or two proxies to attend and vote in his/her stead at the Annual General Meeting (the "**Meeting**").

   (b) A member who is a Relevant Intermediary, is entitled to appoint more than two proxies to attend and vote instead of the member at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company.

3. Each of the resolutions to be put to the vote of members at the Meeting (and at any adjournment thereof) will be voted on by way of a poll.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 10 Collyer Quay, #10-01, Ocean Financial Centre, Singapore 049315 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

NOTICE OF **ANNUAL GENERAL MEETING**

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/ or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warrant.

GOLDEN ENERGY AND RESOURCES LIMITED
(Company Registration No. 199508589E)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "**relevant intermediary**").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY.**
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, _____

of _____

being a member/members of Golden Energy and Resources Limited (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Carpenter 29 Restaurant, (金禧楼) Corporate Room Level 4, 29 Carpenter Street, Singapore 059923 on Friday, 28 April 2017 at 5.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	**Resolutions relating to:**	**Number of Votes For***	**Number of Votes Against***
	Ordinary Business		
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2016		
2	Re-election of Mr Fuganto Widjaja as a Director		
3	Re-election of Mr Lew Syn Pau as a Director		
4	Re-election of Mr Irwandy Arif as a Director		
5	Approval of Directors' fees amounting to S$232,000.00 for the year ended 31 December 2016		
6	Approval of Directors' fees amounting to S$239,000.00 for the year ending 31 December 2017		
7	Re-appointment of Ernst & Young LLP as Auditor		
	Special Business		
8	Authority to issue new shares		

* If you wish to exercise all your votes "**For**" or "**Against**", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2017

	Total number of Shares in:
(a) CDP Register	
(b) Register of Members	

_____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/ her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the Meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "**Relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore 049315 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2017.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



golden energy and resources

GOLDEN ENERGY AND RESOURCES LIMITED

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