

 golden energy and resources

GOLDEN ENERGY AND RESOURCES LIMITED



ANNUAL
REPORT 2018



VISION

To be the leading energy and mining company in Asia Pacific and to enhance value to all our stakeholders

OUR MISSION

1. Develop and nurture a leading corporate culture centred on human capital
2. Amplify on excellence in operations and processes
3. Continue sustainable growth trajectory through high safety standards, meaningful community development programmes, while maintaining and conserving our environment

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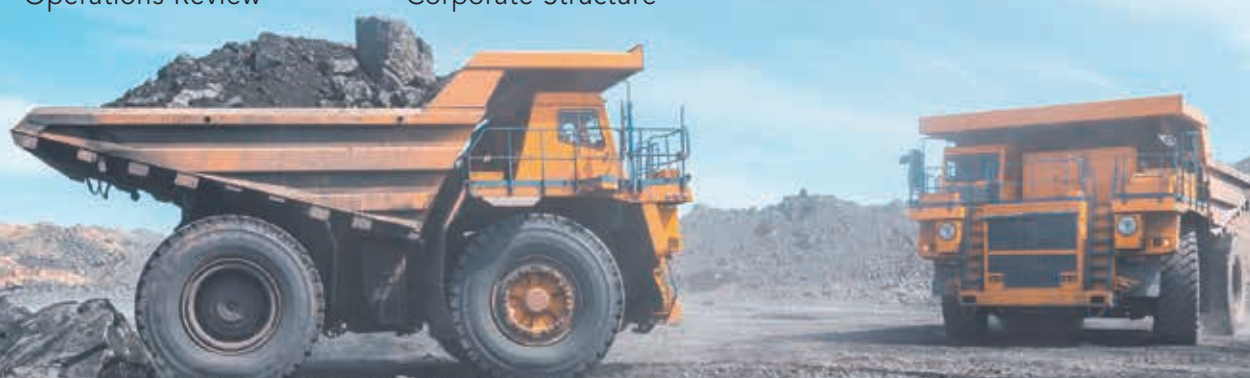
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Golden Energy and Resources Limited (the “**Company**” or “**GEAR**”) is a leading energy and mining company with mines located in South and Central Kalimantan, Jambi (a province in Sumatra), and South Sumatra Basin. GEAR was listed on the Mainboard of the Singapore Stock Exchange (Stock Code: AUE) on 21 April 2015, following the reverse take-over of United Fiber System Limited.

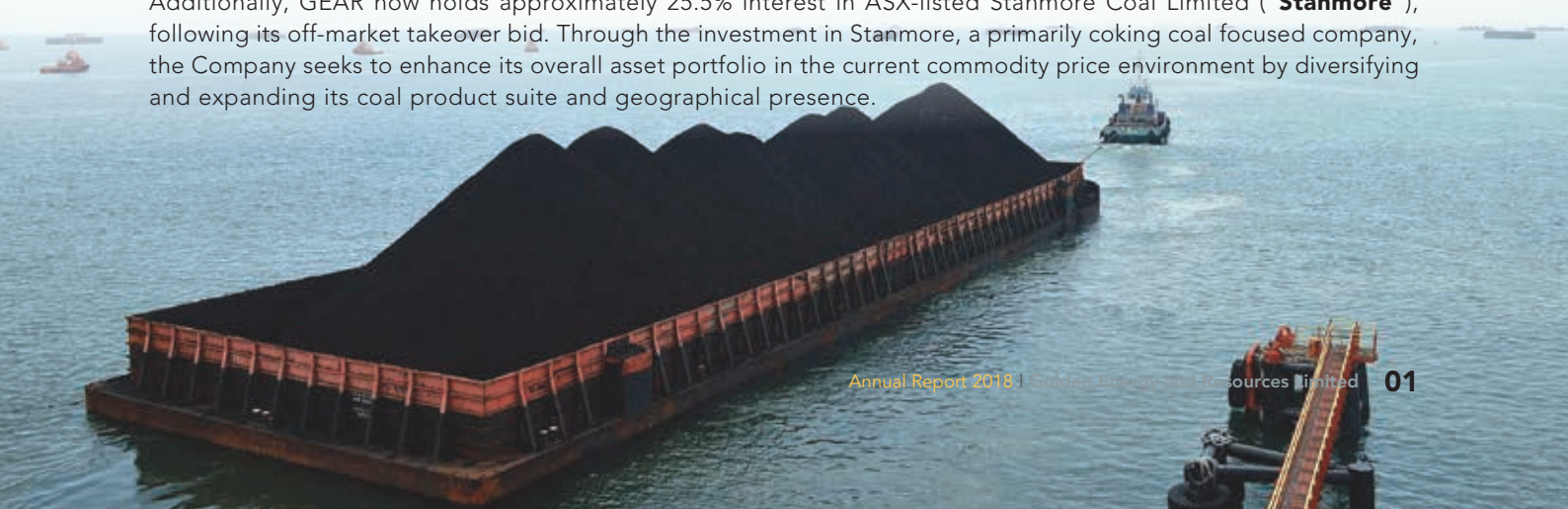
As one of the largest coal mining companies in Indonesia by reserves, GEAR is principally engaged in the exploration, mining, marketing and trading of thermal coal sourced from its coal mining concession areas. Following the latest acquisition of PT Barasentosa Lestari (“**BSL**”) on 31 August 2018, GEAR currently owns a total of five mining concessions covering an aggregate area of approximately 66,204 hectares.

GEAR owns the right to mine more than 2.8 billion tonnes of thermal coal resources with coal reserves estimates of over 1.0 billion tonnes as at 31 December 2018. The Company’s thermal coal reserves comprise a wide range of coal production with an average calorific value range of between 2,835 kcal/kg (arb) to 6,829 kcal/kg (arb).

GEAR’s mining concessions are held through its 66.9998%-owned subsidiary PT Golden Energy Mines Tbk (“**GEMS**”) and its subsidiaries.

In 2018, GEAR completed a strategic acquisition of approximately 10% of Westgold Resources Limited (“**Westgold**”), an Australian gold producer listed on the Australian Stock Exchange (“ASX”), to diversify from its portfolio of thermal coal to include counter cyclical precious metals.

Additionally, GEAR now holds approximately 25.5% interest in ASX-listed Stanmore Coal Limited (“**Stanmore**”), following its off-market takeover bid. Through the investment in Stanmore, a primarily coking coal focused company, the Company seeks to enhance its overall asset portfolio in the current commodity price environment by diversifying and expanding its coal product suite and geographical presence.



CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

FY2018 has been an encouraging year for Golden Energy and Resources Limited (the "Company" or "GEAR") as we delivered two new records, in terms of revenue and production output in our coal mining operations, amid the ongoing global geopolitical tensions and volatility in the coal market.

GEAR started the year with the successful launch of our inaugural international bonds to build up our war chest and over the course of the year, had actively deployed its capital towards accretive acquisitions. Nonetheless, our financial position held steady and as at 31 December 2018, GEAR's cash balance stood at US\$113.1 million, while gearing ratio stood at 0.56 times. We believe that our current financial standing provides stability to weather the ongoing volatility in the coal market as well as support GEAR's organic and inorganic expansion opportunities.

FINANCIAL AND OPERATING PERFORMANCE

Once again, we had successfully obtained the Indonesian Government's approval to raise coal production output at our main mining concession, PT Borneo Indobara ("BIB"), to 20 million tonnes per annum, up from 14.4 million tonnes in 2017. This provided GEAR the latitude to further increase production volume in 2018.

With a full year coal production volume of 22.6 million tonnes in 2018, we continued to break new barriers by surpassing our initial production target of 20 million tonnes for the year. Moving forward, GEAR targets a coal production volume of 25 million tonnes for 2019, a 10.6% increase from the actual production in 2018.

The production ramp-up in FY2018 was attributed to the Company's investments in dedicated mining infrastructure assets over the years, which significantly increased the overall processing capacity, at its mining concessions in order to enable the increase in production output.

GEAR was able to carry out the investments in infrastructure despite the volatility in coal prices due to BIB's competitive position as a low-cost mine. The BIB concession's cost is in the world's top quartile due to its low strip ratio of around four times and a short haulage from mine to port.

In the year under review, GEAR continued to explore strategic investments to expand the Company's coal mining operations and reserves while diversifying its product suite.

In May 2017, GEAR's subsidiary, GEMS, entered into a conditional sales and purchase agreement with GMR Energy (Netherlands) B.V. and GMR Infrastructure (Overseas) Limited to acquire the entire effective shareholding of BSL. We are pleased to announce that the acquisition was completed in August 2018 and resulted in an increase of our Group's coal resources estimates by 419.0 million tonnes and reserves estimates by 211.3 million tonnes as at 31 December 2018.

To enhance our suite of coal products to include coking coal, we invested in a 25.5% stake in an Australia-listed coal miner, Stanmore, which owns a number of coal projects and mining assets within Queensland's Bowen and Surat Basins.

DIVIDENDS

The Board considers dividends to be an important component of shareholder returns and had declared an interim dividend of 1.39 Singapore cents per share paid on 28 November 2018.

OUTLOOK FOR COAL PRICES

Global coal prices went on a roller-coaster ride in 2018 as a decrease in demand from China, the world's largest consumer of coal, was partially offset by strong growth in India and Southeast Asia¹.

Given that China accounts for around half of the world's coal consumption, the country's clean-air measures will place a downward pressure on Chinese coal demand going forward, resulting in an impact on global coal prices.

For the first eight months of 2018, thermal coal prices held up as the Newcastle Index registered its best performance since 2011-2012, before tightened Chinese import controls for seaborne thermal coal arriving at its ports drove the prices downwards.

While global coal demand for 2019 is expected to be supported by India and Southeast Asia, it may not be enough to offset the lower demand from major coal consumers. Vietnam is expected to lead demand growth in Southeast Asia as the country appears to be facing an insufficient supply of domestic coal supply. Meanwhile, India is expected to register a 5% growth in electricity generation during the year, which will in turn increase the country's imports for coal.

In the domestic market, Indonesia has planned a domestic coal allocation of 128 million tonnes for 2019. Rising demand from power stations contributed to a 6-million tonne increase in the allocation figures.

We will turn our focus towards high growth markets in the region as the ongoing supply shortage and increasing demand are likely to keep coal prices at sustainable levels.

SHIFTING INTO HIGHER GEAR

Whilst coal prices were relatively buoyant, GEAR took the opportunity to tap on various sources to diversify our funding mix so as to better manage our interest costs in light of the rising interest rates environment. In February 2018, GEAR issued its inaugural US\$150 million senior secured notes which are due in 2023. The notes carry a coupon of 9% per annum and proceeds from the notes were used towards the repayment of an existing US\$50 million facility as well as for general corporate purposes, including potential acquisitions, joint ventures and investments to support our growth strategy.

In relation to GEAR's senior secured notes, Fitch Ratings and Moody's Investor Services maintained ratings at 'B+' Long-Term Issuer Default Rating (IDR) and 'B1' Corporate Family Rating (CFR) respectively, which affirmed the Company's stable business fundamentals.

ACKNOWLEDGEMENTS

GEAR's achievements over the past few years would not be possible without the dedication and hard work of our staff and management team. On behalf of the Board, I would like to express my appreciation to all staff at GEAR. I would also like to thank our loyal shareholders who continue to place their trust in us, as well as to our business partners, associates, customers and suppliers for their unwavering support.

I would also like to thank my fellow Board members for their guidance and contributions, as we continue to strengthen our business fundamentals to take GEAR to greater heights.

MR. L. KRISNAN CAHYA

Non-Executive Chairman

FORGING RESILIENCE

We have established a robust framework by which we conduct our business. Our relentless pursuit of excellence is guided by a dynamic corporate culture that values quality, productivity and passion; all of which are fundamental in our mission to create sustainable and consistent value to our shareholders. Sustainability means more than just proactive business practices; as is also a long-term investment in intangible growth drivers such as an efficient workforce, an extensive network, and enduring expertise. By actively exploring opportunities and reinforcing our core capabilities, we are able to further strengthen our presence in the coal industry and gather greater momentum for our forward direction as we continue our expansion plans in Australia and beyond.





CEO'S MESSAGE

Dear Shareholders,

Reviewing our performance over the past year, GEAR achieved significant results through the successful expansion of our coal mining operations. As a result of our efforts on this front, we achieved a record coal production of 22.6 million tonnes and a record revenue exceeding US\$1 billion in FY2018, a 44.9% and 37.3% increase respectively over the previous corresponding year.

GEAR had successfully implemented its production ramp-up in the midst of the expansion of other coal producers, resulting in an increase in demand for domestic coal mining services and an increase in cost of goods sold. Additionally, average selling prices during the year fell marginally by 2.6% to US\$41.39 per tonne in FY2018, which resulted in the Group turning in a lower net profit after tax for the year of US\$73.7 million, a decrease of 29.4% from US\$104.4 million registered in the previous corresponding year.

COAL MINING AND COAL TRADING DIVISIONS

In FY2018, GEAR sold a total of 24.4 million tonnes of coal, a 43% increase in sales volume from 17.1 million tonnes in FY2017, at a lower average selling price of approximately US\$41.39 per tonne, compared to US\$42.49 per tonne in FY2017.

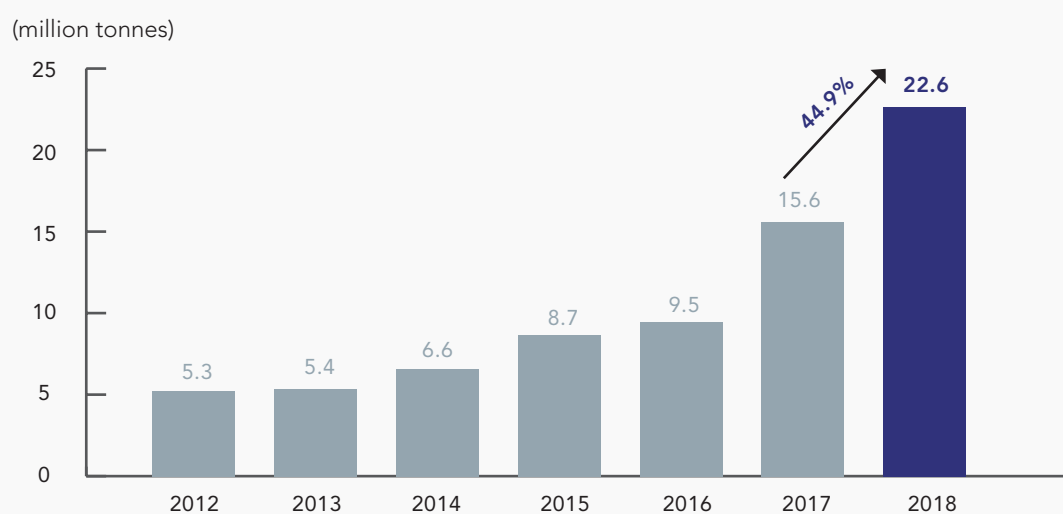
The higher sales volume achieved arose from the successful production expansion of the Coal Mining Division during the year.

Coal Mining

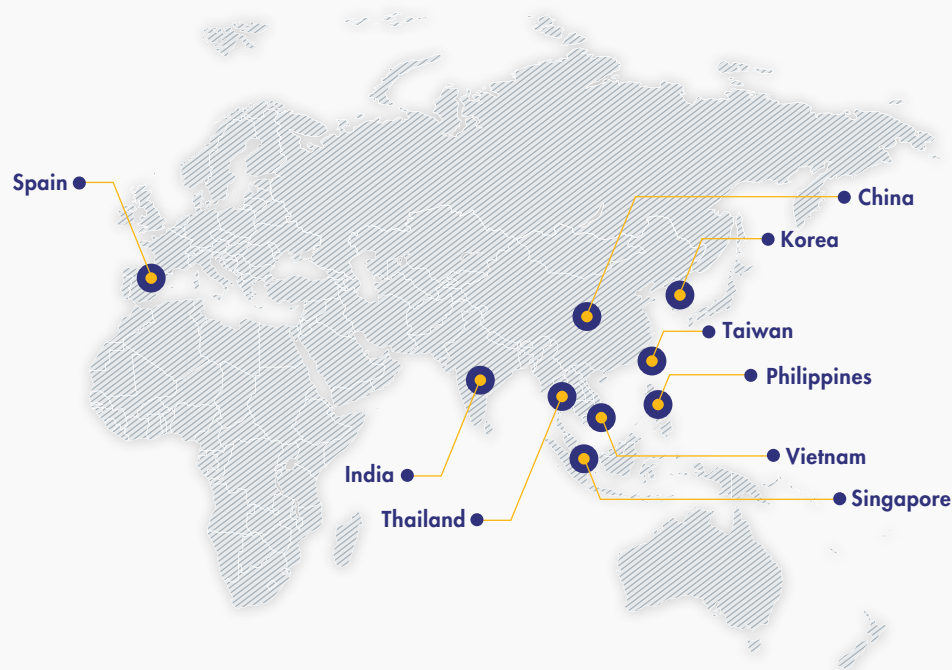
GEAR's Coal Mining Division continued to be the main revenue driver for our Group. In FY2018, the division contributed US\$943.2 million, or approximately 90% of the total revenue. Our annual coal production continued to register a significant growth, resulting in a solid CAGR of 27.3% between 2012 and 2018.

For FY2018, we had set a target coal production of 20 million tonnes as we continued on our journey to expand our coal mining assets. Consistent with prior years, I am glad to report that our production for the year once again exceeded our

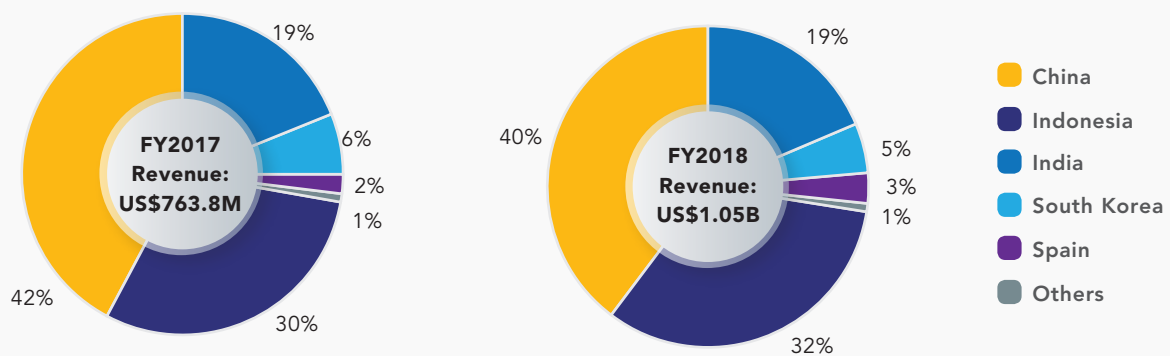
Production Volume Trend



GEAR's Global Distribution Reach



Revenue breakdown by geography



CEO'S MESSAGE

target with a record coal production of 22.6 million tonnes (FY2017: 15.6 million tonnes). Our BIB concession continued to lead the production growth, contributing 20.3 million tonnes in FY2018, an increase from 13.3 million tonnes in FY2017.

Going forward, GEAR has set a target to produce 25 million tonnes in FY2019, including 22 million tonnes from BIB concession, 2 million tonnes from PT Kuansing Inti Makmur ("KIM") concession, and 1 million tonne from BSL and PT Trisula Kencana Sakti ("TKS") concessions.

The Group continues to expand the capacity of its dedicated transshipment infrastructure at BIB. Key infrastructure at BIB include a dedicated 25-kilometer haul road from the mine to the Bunati port which houses the facilities to crush, screen, stock pile and barge load, while providing direct access to the Java Sea.

BIB's coal continues to maintain its competitiveness, underpinned by the low-cost structure of the mining concession which has a low strip ratio and short haulage. The low-cost structure allows BIB to extend beyond the domestic market in Indonesia to reach international markets such as China, India, Korea and Spain.

With a view to support the growth in our coal production while maintaining sizeable coal reserves, we completed the acquisition of BSL on 31 August 2018, resulting in GEAR owning a total of five mining concessions across Kalimantan and Sumatra.

Towards the end of FY2018, our Group identified an opportunity to enhance its overall asset portfolio by diversifying and expanding its coal product suite and geographical presence through an investment in Stanmore, a primarily coking coal focused company based in Australia. Following a share sale agreement with Greatgroup Investments Limited which was completed on 4 December 2018, GEAR obtained a 19.9% interest in Stanmore. Subsequently, GEAR's off-market takeover bid for Stanmore ended with GEAR recording a resultant shareholding of approximately 25.5% in January 2019.

GEAR will continue to seek and evaluate potential acquisition targets to add more accretive coal concessions to its coal mining assets. We will also continue to explore opportunities in counter cyclical commodities to diversify our core business of coal mining with the view of delivering additional value to our shareholders.

Coal Trading

Revenue from GEAR's Coal Trading Division decreased by 9.1% to US\$103.6 million in FY2018 from US\$114.0 million in the previous year mainly due to lower sales volume which was partially offset by higher average selling price.

Our Group continues to strengthen relationships with its business partners including international commodity trading houses. In FY2018, apart from significant growth in the domestic market, GEAR experienced a strong increase in exports across all existing international markets. In view of China's move towards the use of cleaner fuels, our marketing team will continue to focus on pursuing new export markets particularly in Asia where import demand of coal is expected to increase following ongoing deployment of new coal fired power stations.

Indonesia's Domestic Market Obligations

To ensure the supply of coal for domestic interest, Indonesia's Ministry of Energy and Mineral Resources implemented the Domestic Market Obligations ("DMO") in March 2018, requiring coal mining companies to sell at least 25% of their production to the domestic market with different applicable price caps depending on the calorific content. On this front, we are pleased to highlight that more than 32% of our revenue for FY2018 was attributed to coal sales to the domestic market.

IN CONCLUSION

The coal industry is likely to continue to experience volatility in the year ahead amongst others due to global economic environment influenced by ongoing China US trade discussions, macroeconomic outlook and various countries' energy policy.

Closer to our base of operations, coal demand in Southeast Asia is expected to be driven by the addition of new coal-fired power plants in developing economies such as the Philippines and Vietnam.

Notwithstanding the market cycle, GEAR remains confident in its ability to maintain profitable growth and rise above challenges, given its competitive cost position and its superior thermal coal product with low ash and low sulphur that is appropriate to most coal fired power plants across Asia.

We are encouraged to have achieved new milestones during the year such as the successful launch of our inaugural bonds to the international fixed income market, the successful diversification of our coal product mix and geographical presence through the investment in Stanmore as well as an achieving another record production level. GEAR's achievements were made possible with the combined support of all the members of our board of directors, management, staff, shareholders as well as business partners.

I would like to take this opportunity to express our appreciation to all parties who have contributed to GEAR's success as we look forward to forging ahead in order to deliver long term value creation for years to come.

MR. FUGANTO WIDJAJA

Executive Director, Group Chief Executive Officer



BOARD OF DIRECTORS



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 Nominating Committee. Except as provided below, Mr. Cahya does not have any relationships including immediate family relationships with the Directors or the Company as defined in the Code of Corporate Governance 2012 ("**Code**"). Mr. Cahya was re-elected to the Board on 30 April 2018.

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 Remuneration 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 Oesman Widjaja and Mr. Muktar Widjaja are the ultimate controlling shareholders of the Company. Except as provided above, Mr. Widjaja does not have any relationships including immediate family relationship with the Directors or the Company as defined in the Code. Mr. Widjaja was re-elected to the Board on 28 April 2017.

Mr. Widjaja has more than 15 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.

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 relationships including immediate family relationship with the Directors, the Company or its 10% shareholders as defined in the Code. Mr. Suseno was re-elected to the Board on 30 April 2018.

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, merger and acquisitions, 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.

Mr. Suseno 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. 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 DSS Completion. He does not have any relationships including immediate family relationship with the Directors, the Company or its 10% shareholders as defined in the Code. Mr. Suhadi was re-elected to the Board on 29 April 2016.

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

Mr. Suhadi 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.

BOARD OF DIRECTORS



MR. PAUL LIM YU NENG

Lead Independent Director

Mr. Paul Lim Yu Neng is the Lead Independent Director of the Company. Mr. Lim 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 relationships including immediate family relationships with the Directors, the Company or its 10% shareholders as defined in the Code. Mr. Lim was re-elected to the Board on 29 April 2016.

Mr. Lim has over 26 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 graduated with a Bachelor of Science in Computer Science in 1985 and obtained his Master of Business Administration in Finance in 1986 from the University of Wisconsin, Madison, USA. He is also a Chartered Financial Analyst.



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 the Remuneration Committee and member of the Audit Committee of the Company. He does not have any relationships including immediate family relationship with the Directors, the Company or its 10% shareholders as defined in the Code. Mr. Lew was re-elected to the Board on 28 April 2017.

Mr. Lew's prior work experience includes being Managing Director of NTUC Comfort (a transport enterprise), Executive Director of NTUC Fairprice (a supermarket co-operative), Assistant Secretary-General of NTUC and Country Manager of Banque Indosuez.

Mr. Lew is an Independent Director of SUTL Enterprise Ltd, Broadway Industrial Group Limited, Food Empire Holdings Ltd, Golden Agri-Resources Ltd. and Sinarmas Land 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 relationships including immediate family relationship with the Directors, the Company or its 10% shareholders as defined in the Code. Mr. Arif was re-elected to the Board on 28 April 2017.

Mr. Arif has over 40 years of experience in the mining industry. He is an Independent Commissioner of GEMS and PT Indexim Coalindo, member of audit committee on the Board of Commissioners of GEMS and PT Tobabara Sejahtera Tbk. He was previously an Independent Commissioner of PT Vale Indonesia Tbk and a member of audit committee on the Board of Commissioner of PT Adaro Energy 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.



MR. DJUANGGA MANGASI MANGUNSONG
Independent Director

Mr. Djuangga Mangasi Mangunsong was appointed as an Independent non-Executive Director of the Company on 18 January 2018. He does not have any relationships including immediate family relationship with the Directors, the Company or its 10% shareholders as defined in the Code. Mr. Mangunsong was re-elected to the Board on 30 April 2018.

Mr. Mangunsong has many years of experience in the mining industry. He is a Director of PT Tambang Mas Sangihee, the Vice Chairman of PT Indo Minerba Insani (Indonesian Mining Institute), a non-Executive Director of PT Media Bakti Tambang (Tambang Magazine) and member of the Working Group on Energy and Mineral Resources of Indonesia's National Committee for Economy and Industry.

Mr. Mangunsong holds a Bachelor of Engineering degree in Mining Engineering from the Bandung Institute of Technology.

OUR AREAS OF OPERATIONS

SINGAPORE AND INDONESIA

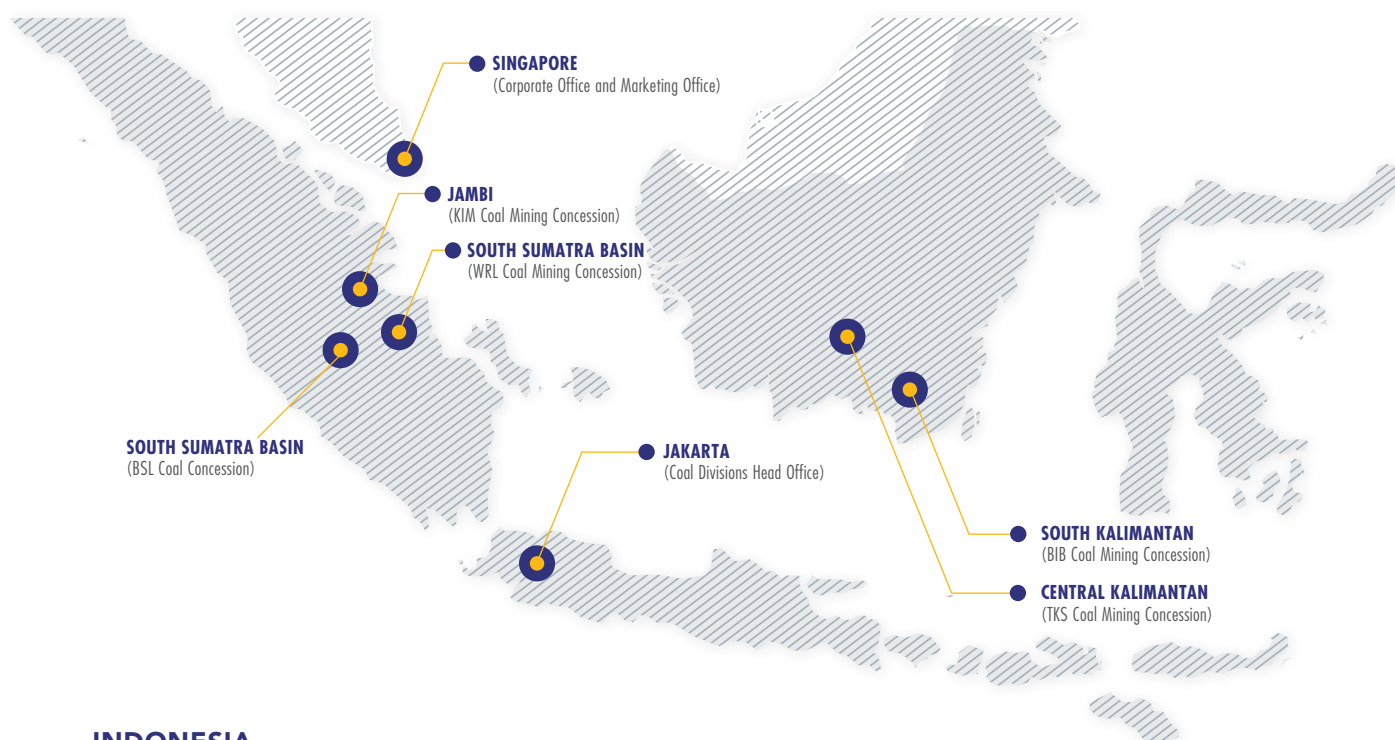
SINGAPORE

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



INDONESIA

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 more than 1.8 billion tonnes, inclusive of coal reserves
- Coal reserves estimates of more than 679 million tonnes
- Calorific value of 3,866 kcal/kg – 6,528 kcal/kg (arb)

CENTRAL KALIMANTAN

TKS Coal Mining Concession

- 11,455 hectares mining concession
- Coal resources estimates of more than 81 million tonnes inclusive of coal reserves
- Coal reserves estimates of approximately 0.6 million tonnes
- Calorific value of 5,726 kcal/kg (adb) for TKS Block and 6,829 kcal/kg (arb) for TKS Ampah Block

SUMATRA JAMBI

KIM Coal Mining Concession

- 2,610 hectares mining concession
- Coal resources estimates of approximately 261 million tonnes, inclusive of coal reserves
- Coal reserves estimates of more than 61 million tonnes
- Calorific value of 4,717 kcal/kg – 4,980 kcal/kg (arb)

SOUTH SUMATRA BASIN

BSL Coal Mining Concession

- 23,300 hectares mining concession
- Coal resources estimates of 419 million tonnes, inclusive of coal reserves
- Coal reserves estimates of more than 211 million tonnes
- Calorific value of 3,977 – 4,640 kcal/kg (arb)

WRL Coal Mining Concession

- 4,739 hectares mining concession
- Coal resources estimates of more than 315 million tonnes, inclusive of coal reserves
- Coal reserves estimates of more than 87 million tonnes
- Calorific value of 2,835 – 2,939 kcal/kg (arb)

OUR STRATEGIC INVESTMENTS

AUSTRALIA



AUSTRALIA

WESTERN AUSTRALIA

Westgold Resources Limited (Approximately 9.3% Strategic Investment)

- Westgold is currently the 6th largest domestic gold producer in Australia, producing approximately 250,000oz per annum of gold and has production capabilities of well over 350,000oz per annum
- At 30 June 2018, 11.27 million ounces of gold resources and 3.02 million ounces of gold reserves
- Gold processing facilities of up to 5.5 million tonnes per annum

EASTERN AUSTRALIA

Stanmore Coal Limited (Approximately 25.5% Strategic Investment)

- Stanmore is an ASX listed Brisbane-based metallurgical and thermal coal miner
- Coal resources estimates of 1,749 million tonnes
- Marketable coal reserves estimates of 131 million tonnes
- Stanmore has a coal handling preparation plant capacity of up to 3.5 million tonnes per annum

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, Sumatra, Central Kalimantan and South Sumatra Basin, Indonesia. Under the concessions issued by the authorities, our Coal Mining Division has exclusive mining rights over concession areas covering an aggregate of approximately 66,204 hectares. GEAR's five concessions namely BIB, BSL, KIM, TKS and PT Wahana Rimba Lestari ("WRL") are held through the Group's 66.9998%-owned subsidiary, GEMS.

As at 31 December 2018, our Coal Mining Division collectively owns the rights to mine more than 2.8 billion tonnes of thermal coal resources, with coal reserves estimates of more than 1.0 billion tonnes. 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 mining services providers play an important role in the mining operations which is under the supervision of our management.

Our Coal Mining Division produced a total volume of 22.6 million tonnes of thermal coal in FY2018, an increase of 44.9% from FY2017 production volume of 15.6 million tonnes. BIB's production volume which contributed 89.8% of the overall FY2018 production volume, showed an increase in volume by 52.6% from 13.3 million tonnes in FY2017 to 20.3 million tonnes in FY2018. KIM's production volume decreased slightly by 4.3% from 2.3 million tonnes in FY2017 to 2.2 million tonnes in FY2018. Remaining production volume arose from the recommencement of production from TKS as well as from BSL which we had acquired in FY2018.

COAL TRADING DIVISION

Our Coal Trading Division commenced its coal trading business in April 2010 and with it, our Group was able to access 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.

During the year, our Coal Trading Division sold a total volume of 1.6 million tonnes, a 15.8% decrease from sales volume of 1.9 million tonnes in FY2017. The international customers of our Coal Mining and Coal Trading Divisions typically consist of traders and end users.

The key international markets of our Coal Mining and Coal Trading Divisions include China, India, South Korea and Spain. Acknowledging the importance of the domestic market, the Group continues to exceed our DMO with domestic customers accounting for 32.4% of our total sales. Our Group's domestic customers include power plant operators, pulp and paper factory operators, cement industry as well as coal trading companies that purchase coal for resale purposes.

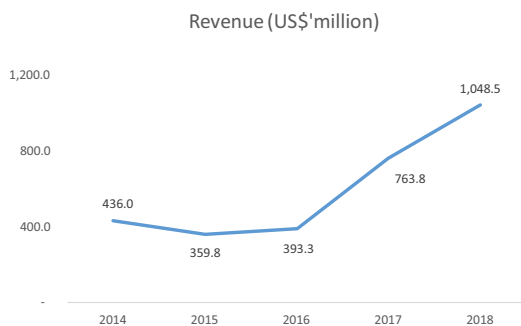


FINANCIAL PERFORMANCE REVIEW

REVENUE

"Revenue" comprises mainly revenue generated from our Coal Mining and Coal Trading Divisions as well as Non-coal Businesses.

The Group posted a 37.3% increase in revenue to achieve a record US\$1.0 billion for the financial year ended 31 December 2018 ("FY2018"), compared to US\$763.8 million in FY2017 on the back of strong growth in the Coal Mining Division.



COAL MINING DIVISION

Our Coal Mining Division continued on its production expansion path. Consistent with our prior years of production expansion, our production for the FY2018 has once again exceeded our target with a record coal production of 22.6 million tonnes as compared to 15.6 million tonnes in FY2017.

The Group's Coal Mining Division reported an increase in revenue by US\$297.78 million or 46.1% from US\$645.42

million in FY2017 to US\$943.20 million in FY2018. The increase was mainly driven by higher sales volume partially offset by lower average selling price as compared to the corresponding reporting year. Average selling price showed a marginal decline of 2.6% from US\$42.49 per metric tonne in FY2017 to US\$41.39 per metric tonne in FY2018.

COAL TRADING DIVISION

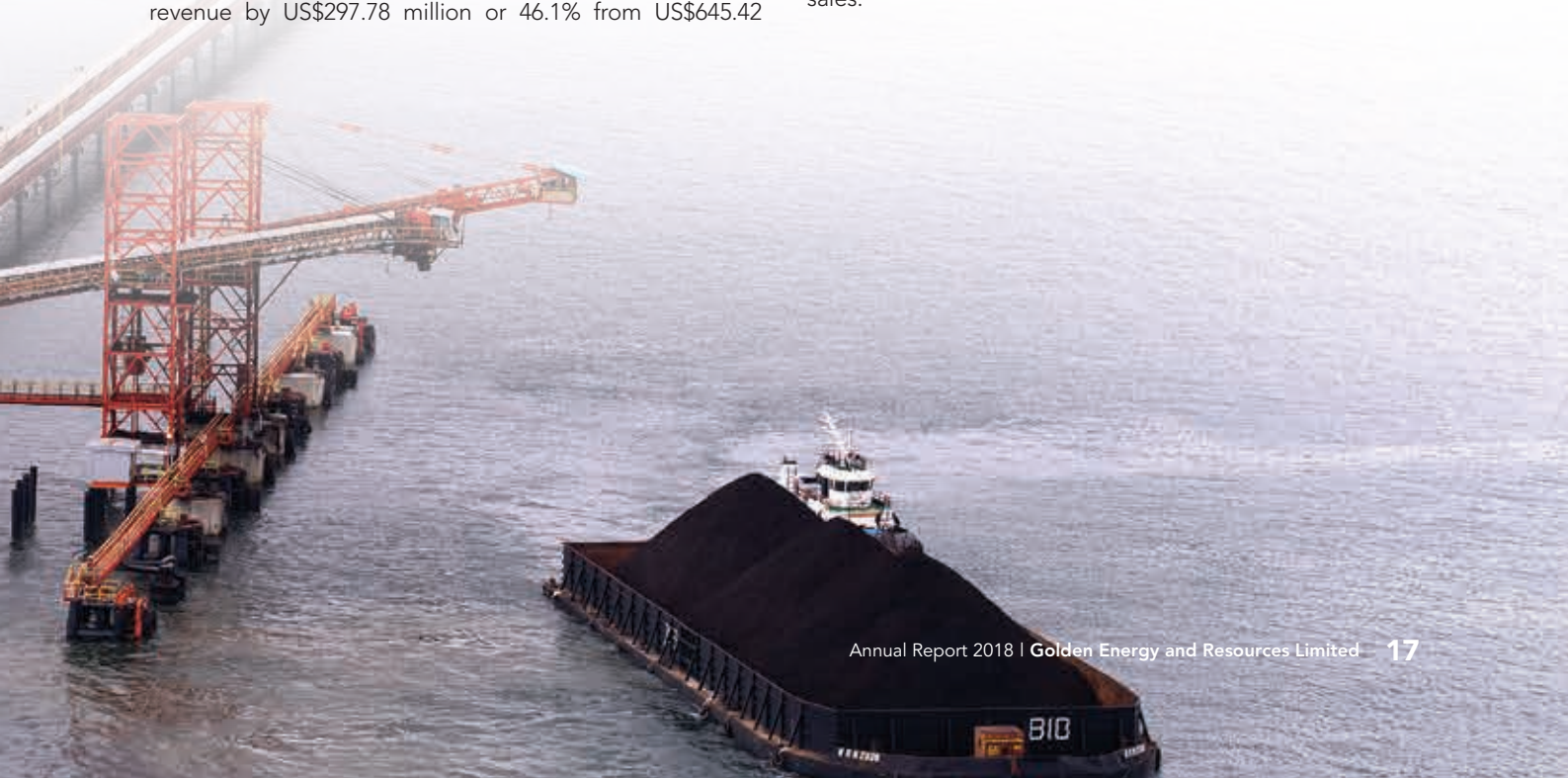
Revenue generated by the Group's Coal Trading Division decreased by US\$10.41 million or 9.1% from US\$114.03 million in FY2017 to US\$103.62 million in FY2018. The decrease was mainly due to lower sales volume partially offset by higher average selling price as compared to corresponding reporting year.

NON-COAL BUSINESS

Revenue from Non-coal Business decreased by US\$2.70 million from US\$4.36 million in FY2017 to US\$1.66 million in FY2018 due to absence of log sales and decrease in management fee income which was partially offset by an increase in plywood sales as compared to corresponding reporting year.

GEOGRAPHICAL REVENUE MIX

Our customers comprised domestic and international traders as well as end-users. Domestic sales contributed 32% of our Group's revenue in FY2018. As for export sales, our customers from China and India accounted for 40% and 19% of our total sales respectively in FY2018 as compared to 42% and 19% respectively in FY2017. Our Group continues to seek greater geographical diversification for our coal sales.



COST OF SALES

"Cost of sales" increased by US\$238.79 million or 53.3% from US\$447.90 million in FY2017 to US\$686.69 million in FY2018. This was mainly due to increase in mining services costs due to higher stripping ratios, coal freight for increased usage of equipments for transporting of coal, mining overheads comprising road repair and maintenance, fuel costs and royalty expenses as a result of coal production ramp up and sales activities from the Coal Mining Division. The increase was partially offset by a decrease in amortisation expenses related to depletion of mine properties for stripping activity and lower coal purchases from Coal Trading Division.

GROSS PROFIT & OTHER INCOME

"Gross profit" increased by US\$45.88 million or 14.5% from US\$315.91 million in FY2017 to US\$361.79 million in FY2018. The increase was mainly due to the above factors.

"Other income" decreased by US\$3.57 million or 20.6% from US\$17.35 million in FY2017 to US\$13.78 million in FY2018, mainly due to a decrease in miscellaneous income of US\$1.07 million, absence of reversal of prior year withholding tax provision and compensation income partially offset by an increase in interest income of US\$4.02 million derived from bank deposits and coal advances.

OPERATING EXPENSES

"Selling and distribution expenses" increased by US\$52.1 million or 52.5% from US\$99.20 million in FY2017 to US\$151.3 million in FY2018 mainly due to increase in (i) stockpile expenses, (ii) freight expenses which is in line with our coal production ramp up, and (iii) the increase in coal sales volume from the Coal Mining Division.

"Administrative expenses" increased by US\$21.82 million or 39.6% from US\$55.11 million in FY2017 to US\$76.93 million in FY2018 mainly due to increase in (i) repair and maintenance expenses for road development in our coal concessions, (ii) salaries, benefits and employee welfare expenses due to increased head counts in line with our expansion plan, (iii) taxes and stamp duty fee, and (iv) legal and professional fees relating to corporate exercises.

OTHER OPERATING EXPENSES

"Other operating expenses" increased by US\$1.86 million from US\$8.72 million in FY2017 to US\$10.57 million in FY2018 mainly due to an extraordinary item recognized on impairment of goodwill of US\$6.51 million, partially offset by decrease in foreign exchange losses.

FAIR VALUE GAIN ON BIOLOGICAL ASSETS

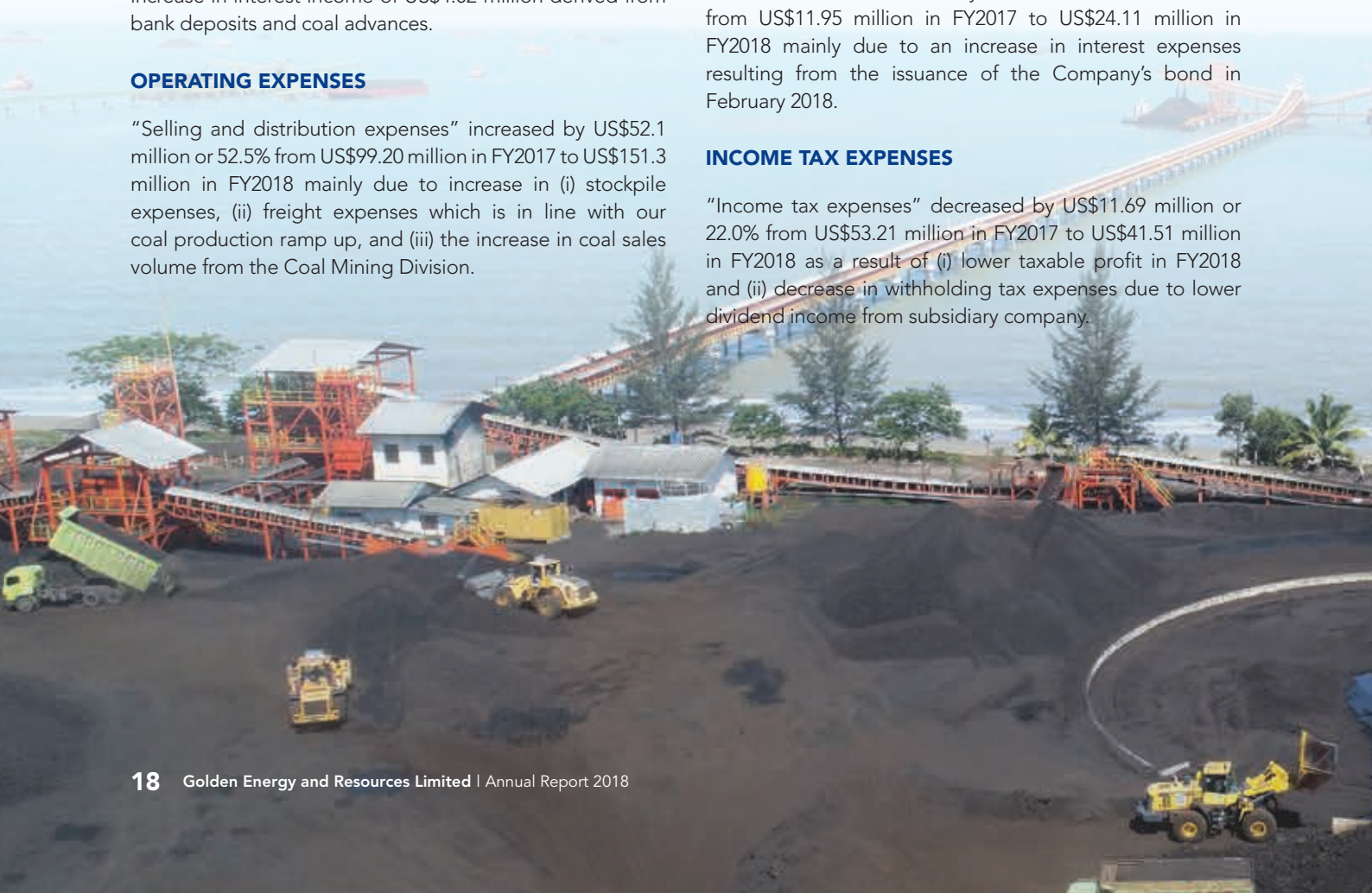
The Group recorded a "Fair value gain on our biological assets" of approximately US\$2.55 million in FY2018 as a result of increase in plantation area and higher selling price.

FINANCE COSTS

"Finance costs" increased by US\$12.16 million or 101.8% from US\$11.95 million in FY2017 to US\$24.11 million in FY2018 mainly due to an increase in interest expenses resulting from the issuance of the Company's bond in February 2018.

INCOME TAX EXPENSES

"Income tax expenses" decreased by US\$11.69 million or 22.0% from US\$53.21 million in FY2017 to US\$41.51 million in FY2018 as a result of (i) lower taxable profit in FY2018 and (ii) decrease in withholding tax expenses due to lower dividend income from subsidiary company.



NET PROFIT

Due to the factors above, the Group reported a net profit of US\$73.68 million in FY2018 as compared to US\$104.44 million in FY2017, and profit attributable to owners of the Company of US\$39.32 million in FY2018 as compared to US\$62.95 million in FY2017.

OTHER COMPREHENSIVE INCOME

"Other comprehensive income" decreased by US\$33.82 million from a gain of US\$3.71 million in FY2017 to a loss of US\$30.11 million in FY2018 mainly due to fall in Westgold share price from AU\$1.77 as at 31 December 2017 to AU\$0.88 at 31 December 2018, and the effect of the weakening Australia Dollar against United States Dollar.

FINANCIAL POSITION REVIEW

ASSETS

"Biological assets" increased by US\$3.07 million to US\$3.38 million at 31 December 2018 due to fair value gain during the year.

"Property, plant and equipment" increased by US\$15.94 million to US\$80.38 million at 31 December 2018 due to acquisition of BSL and additions during the year, partially offset by depreciation.

"Mining properties" increased by US\$141.81 million to US\$227.66 million at 31 December 2018 primarily on account of additions to mining properties from the acquisition of BSL, offset by amortisation during the period under review.

"Goodwill on consolidation" increased by US\$10.06 million to US\$113.74 million at 31 December 2018 as a result of additions arising from the acquisition of PT Unsoco, PT Dwikarya Sejati Utama and subsidiaries, comprising PT Duta Sarana Internusa and BSL ("acquisition of BSL"), partially offset by impairment of goodwill arising from the reverse take-over in 2015 during the period under review.

The increase in "Investment in securities" of US\$34.36 million to US\$57.70 million at 31 December 2018 was due to our investment in Stanmore in December 2018 and the second and third tranche payments for our investment in Westgold in January 2018. This increase was partially offset by a marked to market loss recognised on the Westgold shares.

The increase in "Deferred tax assets" of US\$1.36 million to US\$6.02 million at 31 December 2018 was due to higher tax losses in subsidiaries.

The increase in "Restricted fund" of US\$10.14 million to US\$14.80 million at 31 December 2018 was mainly due to fund deposited in the interest reserve account relating to the Company's bond and an increase of reclamation guarantee money placed with banks, partially offset by a decrease in the interest reserve account relating to a loan which was repaid in February 2018.

The increase in "Other non-current assets" of US\$23.14 million to US\$46.27 million at 31 December 2018 was mainly due to increase in prepaid land exploitation as a result of acquisition of BSL, deferred expenses related to the bond issuance during the period under review and an increase in prepaid expenses and guarantee deposit relating to road maintenance.

"Inventories" increased by US\$3.51 million to US\$19.65 million at 31 December 2018 due to an increase in coal production during the period under review and as a result of additions arising from the acquisition of BSL.

"Other current assets" increased by US\$48.38 million mainly due to (i) an increase in advance payment of US\$22.05 million to coal suppliers offset by realisation of advance payment made for BSL acquisition which was completed in August 2018, and (ii) advance down payment of US\$33.91 million to coal suppliers under coal offtake agreements and partially offset by decrease in prepaid insurance and building rental.



"Cash and cash equivalents" decreased by US\$75.59 million to US\$113.11 million at 31 December 2018 mainly due to payment for the acquisition of BSL, investments in Westgold and Stanmore, repayment of a loan facility, payment of income taxes, payment of (i) advances to suppliers and vendors, (ii) trade and other payables and (iii) dividend, partially offset by the proceeds from the Company's bond issuance and collections from trade and other receivables.

LIABILITIES

"Trade and other payables" increased by US\$41.23 million to US\$203.23 million at 31 December 2018 mainly due to increase in (i) mining services and coal purchases in line with increased activity, and (ii) other payables as a result of acquisition of BSL and partially offset by payment of dividend which was declared in December 2017 by a subsidiary.

"Provision for taxation" decreased by US\$33.60 million to US\$1.75 million at 31 December 2018 as a result of tax payment during the period under review offset by the corporate tax charged during the period under review.

"Loans and borrowings" due within the next twelve months increased by US\$20.96 million to US\$46.17 million at 31 December 2018 mainly due to the drawdown of working credit facility partially offset by the repayment of loans during the period under review.

"Non-current trade and other payables" increased by US\$33.91 million to US\$34.04 million at 31 December 2018 as a result of additional other payables arising from the acquisition of BSL.

"Loans and borrowings" due after the next twelve months increased by US\$153.09 million to US\$222.86 million at 31 December 2018 as a result of the issuance of the Company's bond, additional loan arising from BSL acquisition and drawdown of working credit facility partially offset by the repayment of certain loan facility.

"Deferred tax liabilities" increased by US\$16.53 million to US\$29.54 million at 31 December 2018 as a result of the additional deferred tax liabilities arising from the acquisition of BSL.

"Provision for mine closure" increased by US\$0.28 million to US\$2.00 million at 31 December 2018 as a result of additional provision during the period under review.

NET CURRENT ASSETS

As at 31 December 2018, the Group has net current assets of US\$148.37 million. The Group has loans and borrowings totalling US\$269.03 million of which US\$46.17 million is due within the next 12 months. The Group's cash and cash equivalents stood at US\$113.11 million as at 31 December 2018.

CASH FLOW REVIEW

"Net cash generated from operating activities" of US\$24.29 million comprised operating cash inflow before working capital changes of US\$142.51 million, net working capital outflow of US\$19.83 million, income taxes paid of US\$101.47 million and interest and other financial charges paid of US\$9.65 million respectively partially offset by interest income received of US\$12.73 million. The net working capital outflow of US\$19.83 million was mainly due to an increase in trade and other receivables, advances and other current assets totalling US\$68.03 million and an increase in inventories of US\$3.51 million, partially offset by an increase in trade and other payables of US\$51.71 million.

"Net cash flows used in investing activities" of US\$167.13 million mainly due to (i) net cash outflow on acquisition of BSL of US\$64.86 million, (ii) investment in securities of US\$65.44 million, (iii) purchase of property, plant and equipment of US\$18.00 million, (iv) increase in other non-current assets of US\$8.56 million, and (v) increase in restricted fund of US\$10.04 million.

"Net cash flows generated from financing activities" of US\$62.77 million was mainly due to proceeds from issuance of bonds of US\$149.70 million, proceeds from loans and borrowings of US\$105.52 million, partially offset by repayment of loans and borrowings of US\$110.80 million, payment of dividend of US\$41.71 million to our shareholders and US\$39.94 million by a subsidiary to non-controlling shareholders of the Group.

FINANCIAL HIGHLIGHTS

CONSOLIDATED INCOME STATEMENT (US\$'000)	2018	2017	Restated 2016
Revenue	1,048,478	763,806	393,272
Gross profit	361,788	315,908	144,105
EBITDA ⁽¹⁾	150,134	183,627	86,157
Net profit after tax ⁽²⁾	73,680	104,435	33,664
Core net profit ⁽³⁾	45,399	69,102	24,282
Net profit ⁽⁴⁾	39,318	62,950	22,006
Weighted average number of shares ⁽⁵⁾ ('000)	2,353,100	2,353,100	2,181,650
Core net profit ⁽³⁾ per share (US cents)	1.93	2.94	1.11
Earnings per share ⁽⁵⁾ (US cents)	1.67	2.68	1.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (US\$'000)	2018	2017	Restated 2016
Total assets	960,834	753,077	521,865
Total current assets	399,522	431,086	226,713
Total current liabilities	251,148	222,560	73,063
Total non-current liabilities	291,411	87,462	64,598
Net tangible assets ⁽⁶⁾	131,157	284,887	225,536
Non-controlling interests	105,020	97,326	87,730
Equity attributable to owners of the Company	313,255	345,729	296,474
Total outstanding shares ⁽⁷⁾ ('000)	2,353,100	2,353,100	2,353,100

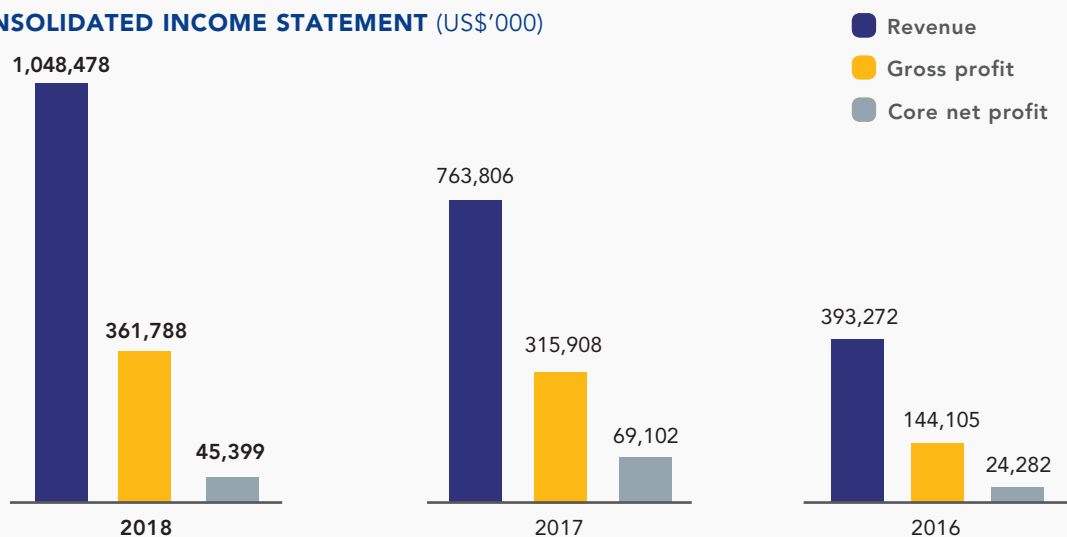
RATIOS	2018	2017	Restated 2016
Gross profit margin	35%	41%	37%
EBITDA ⁽¹⁾ margin	14%	24%	22%
Core net profit ⁽³⁾ margin	4%	9%	6%
Net profit ⁽⁴⁾ margin	4%	8%	6%
Return on equity ⁽⁸⁾	13%	18%	7%
Return on assets ⁽⁹⁾	4%	8%	4%
Current ratio ⁽¹⁰⁾ (times)	1.59	1.94	3.10
Gearing ratio ⁽¹¹⁾ (times)	0.56	0.17	0.11
Net tangible assets per share ⁽¹²⁾ (cents)	5.57	12.11	9.58
Receivable turnover ⁽¹³⁾ (days)	36	35	48
Inventory turnover ⁽¹⁴⁾ (days)	10	10	18

Notes:

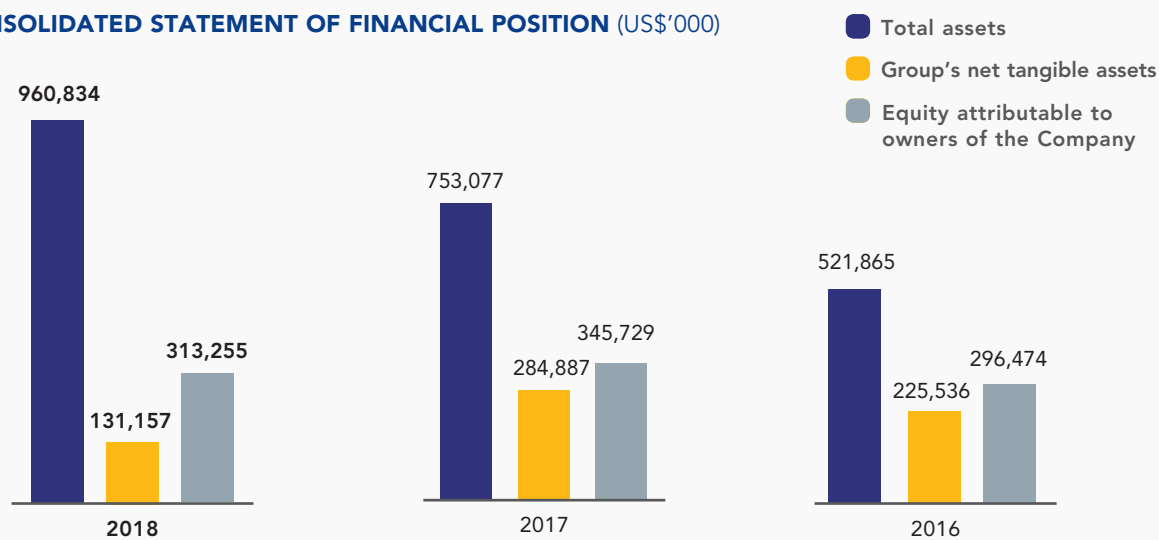
- ⁽¹⁾ EBITDA = Profit for the year + finance costs + income tax expense + depreciation and amortisation – reversal of prior year interest expense – income tax benefit
- ⁽²⁾ Net profit after tax = profit before tax – income tax (expense)/benefit
- ⁽³⁾ Core net profit = net profit attributable to owners of the Company excluding the net effect of gain or loss from changes in fair value of biological assets, foreign exchange differences, impairment of goodwill arising from consolidation
- ⁽⁴⁾ Net profit = net profit attributable to owners of the Company
- ⁽⁵⁾ Refer to Note 9 of Financial contents for explanation
- ⁽⁶⁾ Net tangible assets = total assets – total liabilities – intangible assets
- ⁽⁷⁾ Refer to Note 26 of Financial contents for explanation
- ⁽⁸⁾ Return on equity = net profit attributable to owners of the Company/equity attributable to owners of the Company
- ⁽⁹⁾ Return on assets = net profit attributable to owners of the Company/total assets
- ⁽¹⁰⁾ Current ratio = current assets/current liabilities
- ⁽¹¹⁾ Gearing ratio = (total liabilities excluding taxes – cash and cash equivalents)/(equity attributable to owners of the Company + total liabilities excluding taxes – cash and cash equivalents)
- ⁽¹²⁾ Net tangible assets per share = Net tangible assets⁽⁶⁾/Total outstanding shares
- ⁽¹³⁾ Receivable turnover = average trade receivables/revenue * 365
- ⁽¹⁴⁾ Inventory turnover = average inventory/cost of sales * 365

FINANCIAL HIGHLIGHTS

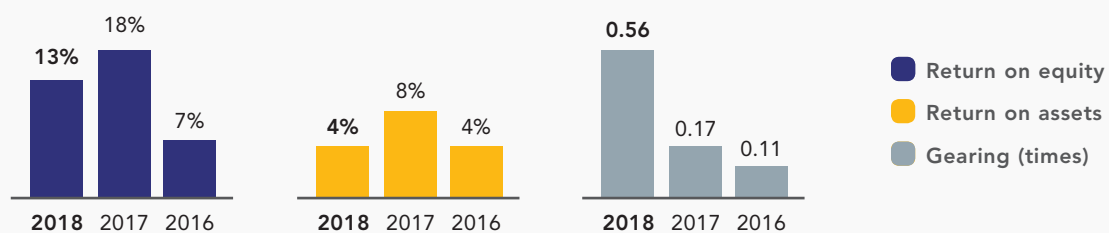
CONSOLIDATED INCOME STATEMENT (US\$'000)



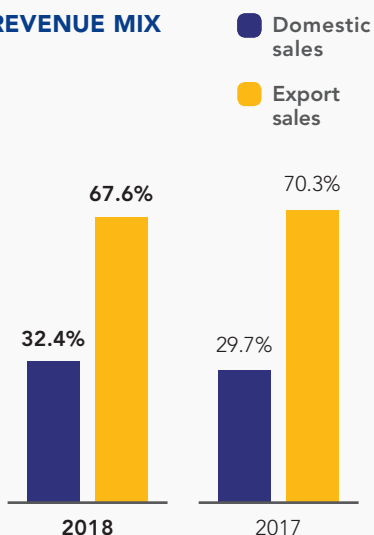
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (US\$'000)



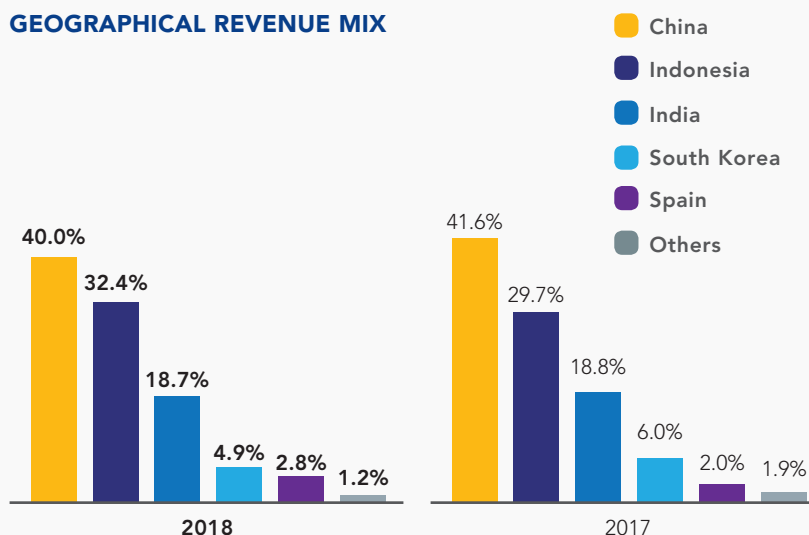
RATIOS



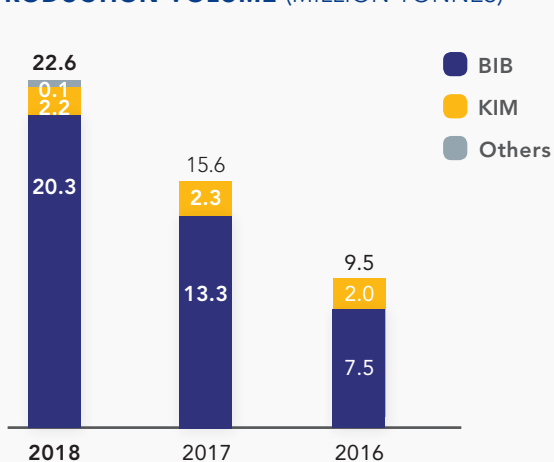
REVENUE MIX



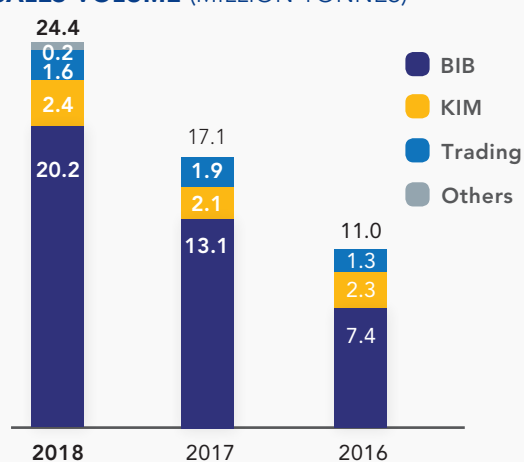
GEOGRAPHICAL REVENUE MIX



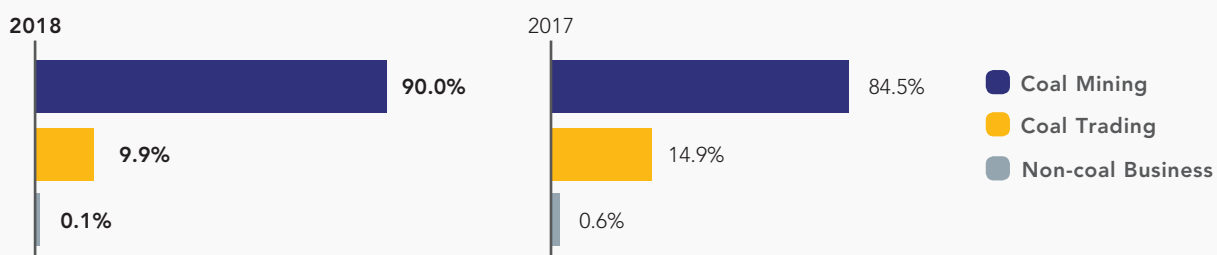
PRODUCTION VOLUME (MILLION TONNES)



SALES VOLUME (MILLION TONNES)



REVENUE MIX BUSINESS SEGMENT



COAL RESOURCES & RESERVES STATEMENT

As at 31 December 2018

Name of Asset/Country: BIB Coal Mining Concession/Indonesia

Gross Attributable to License ⁽¹⁾				Net Attributable to the Company		
Category	Mineral Type	Tonnes (Millions) ⁽⁴⁾	Grade	Tonnes (Millions) ⁽⁴⁾	Grade	Change from previous update (%) ⁽²⁾
Reserves ⁽³⁾						
Proved	Coal	586	Bituminous A/ Sub-bituminous B	385	Bituminous A/ Sub-bituminous B	-0.08%
Probable	Coal	94	Bituminous A/ Sub-bituminous B	62	Bituminous A/ Sub-bituminous B	3.35%
Total		680		447		0.38%
Resources ⁽³⁾						
Measured	Coal	977	Bituminous A/ Sub-bituminous B	642	Bituminous A/ Sub-bituminous B	-1.52%
Indicated	Coal	333	Bituminous A/ Sub-bituminous B	219	Bituminous A/ Sub-bituminous B	0.00%
Inferred	Coal	507	Bituminous A/ Sub-bituminous B	333	Bituminous A/ Sub-bituminous B	0.60%
Total		1,817		1,194		-0.71%

Notes:

⁽¹⁾ CCoW license issued by the Government of the Republic of Indonesia which was represented by Ministry of Mining and Energy (formerly the Ministry of Energy and Mineral Resources)

⁽²⁾ Previous coal resources and coal reserves estimates were reported as at 31 December 2017

⁽³⁾ Coal resources are inclusive of coal reserves

⁽⁴⁾ Individual totals may differ due to rounding

The increase in reserves estimate is mainly due to additional quality drillholes and the decrease in resource is due to production

The movement in resources and reserves estimates are mainly due to production, coal prices and cost parameters

COAL RESOURCES & RESERVES STATEMENT

As at 31 December 2018

Name of Asset/Country: KIM Coal Mining Concession/Indonesia

Gross Attributable to License ⁽¹⁾				Net Attributable to the Company		
Category	Mineral Type	Tonnes (Millions) ⁽⁴⁾	Grade	Tonnes (Millions) ⁽⁴⁾	Grade	Change from previous update (%) ⁽²⁾
Reserves⁽³⁾						
Proved	Coal	48	Sub-bituminous B	32	Sub-bituminous B	-5.85%
Probable	Coal	13	Sub-bituminous B	9	Sub-bituminous B	0.00%
Total		61		41		-4.66%
Resources⁽³⁾						
Measured	Coal	113	Sub-bituminous B	76	Sub-bituminous B	-2.57%
Indicated	Coal	56	Sub-bituminous B	38	Sub-bituminous B	0.00%
Inferred	Coal	92	Sub-bituminous B	62	Sub-bituminous B	0.00%
Total		261		175		-1.13%

Notes:

⁽¹⁾ IUP license issued by the Governor of Jambi

⁽²⁾ Previous coal resources and coal reserve estimates were reported as at 31 December 2017

⁽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 resources and reserves estimates are mainly due to production, coal prices and cost parameters



COAL RESOURCES & RESERVES STATEMENT

As at 31 December 2018

Name of Asset/Country: BSL Coal Mining Concessions/Indonesia

Gross Attributable to License ⁽¹⁾				Net Attributable to the Company		
Category	Mineral Type	Tonnes (Millions) ⁽⁴⁾	Grade	Tonnes (Millions) ⁽⁴⁾	Grade	Change from previous update (%) ⁽²⁾
Reserves ⁽³⁾						
Proved	Coal	150.4	Sub-bituminous B	100.8	Sub-bituminous B	15.46%
Probable	Coal	61.0	Sub-bituminous B	40.9	Sub-bituminous B	-5.10%
Total		211.3		141.6		8.59%
Resources ⁽³⁾						
Measured	Coal	199	Sub-bituminous B	133	Sub-bituminous B	13.74%
Indicated	Coal	133	Sub-bituminous B	89	Sub-bituminous B	-7.67%
Inferred	Coal	87	Sub-bituminous B	58	Sub-bituminous B	17.54%
Total		419		281		6.61%

Notes:

⁽¹⁾ Generation II CCoW license issued by the Government of the Republic of Indonesia which was presented by Ministry of Mining and Energy (formerly the Ministry of Energy and Mineral Resources).

⁽²⁾ Previous coal resources and coal reserves estimates were reported as at 31 December 2017

⁽³⁾ Coal resources are inclusive of coal reserves

⁽⁴⁾ Individual totals may differ due to rounding

The increase in resources and reserves estimates are mainly due to additional quality drillholes

The movement in resources and reserves estimates are mainly due to production, coal prices and cost parameters



COAL RESOURCES & RESERVES STATEMENT

As at 31 December 2018

Name of Asset/Country: TKS and TKS Ampah Blocks/Indonesia

Gross Attributable to License ⁽¹⁾				Net Attributable to the Company		
Category	Mineral Type	Tonnes (Millions) ⁽⁴⁾	Grade	Tonnes (Millions) ⁽⁴⁾	Grade	Change from previous update (%) ⁽²⁾
Reserves ⁽³⁾						
Proved	Coal	0.2	Bituminous A	0.1	Bituminous A	N.M.
Probable	Coal	0.4	Bituminous A	0.2	Bituminous A	N.M.
Total		0.6		0.3	N.M.	
Resources ⁽³⁾						
Measured	Coal	26.4	Bituminous A/ Sub-bituminous B	12.4	Bituminous A/ Sub-bituminous B	6.90%
Indicated	Coal	29.0	Bituminous A/ Sub-bituminous B	13.6	Bituminous A/ Sub-bituminous B	11.48%
Inferred	Coal	25.9	Bituminous A/ Sub-bituminous B	12.2	Bituminous A/ Sub-bituminous B	7.08%
Total		81.3		38.1		8.86%

Notes:

⁽¹⁾ Two IUP Licenses issued by the Keputusan Bupati Barito Utara and one IUP license issued by Bupati Barito Timur

⁽²⁾ Previous coal resource estimates were reported as at 31 December 2017

⁽³⁾ Coal resources are inclusive of coal reserves

⁽⁴⁾ Individual totals may differ due to rounding

The increase in resources and reserves estimates are mainly due to addition of resources and reserves from TKS Ampah Block

N.M. = Not Meaningful



COAL RESOURCES & RESERVES STATEMENT

As at 31 December 2018

Name of Asset/Country: WRL Coal Mining Concession/Indonesia

Category	Gross Attributable to License ⁽¹⁾			Net Attributable to the Company		
	Mineral Type	Tonnes (Millions) ⁽⁴⁾	Grade	Tonnes (Millions) ⁽⁴⁾	Grade	Change from previous update (%) ⁽²⁾
Reserves⁽³⁾						
Proved	Coal	34	Sub-bituminous B	23	Sub-bituminous B	0.00%
Probable	Coal	53	Sub-bituminous B	36	Sub-bituminous B	0.00%
Total		87		58		0.00%
Resources⁽³⁾						
Measured	Coal	54	Sub-bituminous B	37	Sub-bituminous B	0.00%
Indicated	Coal	100	Sub-bituminous B	67	Sub-bituminous B	0.00%
Inferred	Coal	161	Sub-bituminous B	108	Sub-bituminous B	0.09%
Total		316		212		0.00%

Notes:

⁽¹⁾ IUPOP license issued by the provincial government of South Sumatra

⁽²⁾ Previous coal resources and coal reserves estimates were reported as at 31 December 2017

⁽³⁾ Coal resources are inclusive of coal reserves

⁽⁴⁾ Individual totals may differ due to rounding

The resources and reserves estimates remain relatively stable

The movement in resources and reserves estimates are mainly due to production, coal prices and cost parameters

EXPLORATION (INCLUDING GEOPHYSICAL SURVEYS), DEVELOPMENT AND PRODUCTION ACTIVITIES

The Group has conducted infill exploration drilling including geophysical surveys during the financial year ended 31 December 2018 in BIB and BSL mines. The purpose of the drilling was to identify the subsurface geological conditions in detail and to improve the production planning. The Group has done project infrastructure expansion in BIB coal mining concession during the period under review.

Our mines had processed an aggregate of 22,646,377 metric tonnes of Sub-bituminous B coal for the financial year ended 31 December 2018. A total of US\$0.2 million of mines under construction have been transferred to producing mines during the period under review.

SUSTAINABILITY OVERVIEW

Sustainable growth has become increasingly important as we continue to grow and expand our business. In the long-term, we believe that our focus on sustainability will place us in a better position to enhance value for our shareholders while looking after the needs of the broader stakeholder community.

A detailed Sustainability Report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards and GRI Mining and Metals sector supplement. We have chosen GRI Standards for our reporting framework, due to its internationally-recognized, robust guidance and universal application, which enables comparability of our performance. We have not yet sought external assurance on the disclosures made in the Sustainability Report but will consider doing it as our reporting matures over time. Our Sustainability Report is focused on the coal mining operations of our subsidiary, BIB which its production account for more than 85% of our Group's production volume.

In line with the Group's sustainability efforts, the FY2018 Sustainability Report is published exclusively online and is available for download from 31 May 2019 from our corporate website at <https://investor.gear.com.sg/sustain.html>.

STAKEHOLDER ENGAGEMENT

At the heart of our business is our vision to enhance value for all our stakeholders. At the same time, we believe in forging collaborative partnerships with our stakeholders to achieve sustainable development. For these reasons, we place great emphasis on effective stakeholder engagement, as summarized in the table below.

Table 1: GEAR's approach towards stakeholder engagement

Stakeholder group	Stakeholder's expectations	Stakeholder management/ Response to stakeholder's expectations	Engagement platforms	Frequency of engagement
Shareholders	• GEAR's financial health	• Formulation of strategies to enhance GEAR's financial performance	- Regular updates and announcements on financial performance - Annual and Sustainability Reports - Meetings with shareholders - Communications through "Investor Relations" section on GEAR's company website	At least once per quarter
	• Accountability of ESG performance	• Implementation of sustainable business practices		- Annual - At least once per year - As necessary
Employees and workers	• Fair employment practices	• Implementation of fair employment practices based on meritocracy	- Electronic updates through e-mail and intranet - Townhalls and meetings with the management - Training programmes, including intensive coaching to potential identified leaders - HSE campaign involving all employees to create safe work condition - Performance appraisal	Periodic
	• Training and development	• Provision of in-house and external training opportunities		Periodic
	• Occupational health and safety	• Establishment of Health, Safety and Environment ("HSE") system, regular safety briefings, emergency drills, provision of personal protective equipment		- Periodic - Periodic

SUSTAINABILITY OVERVIEW

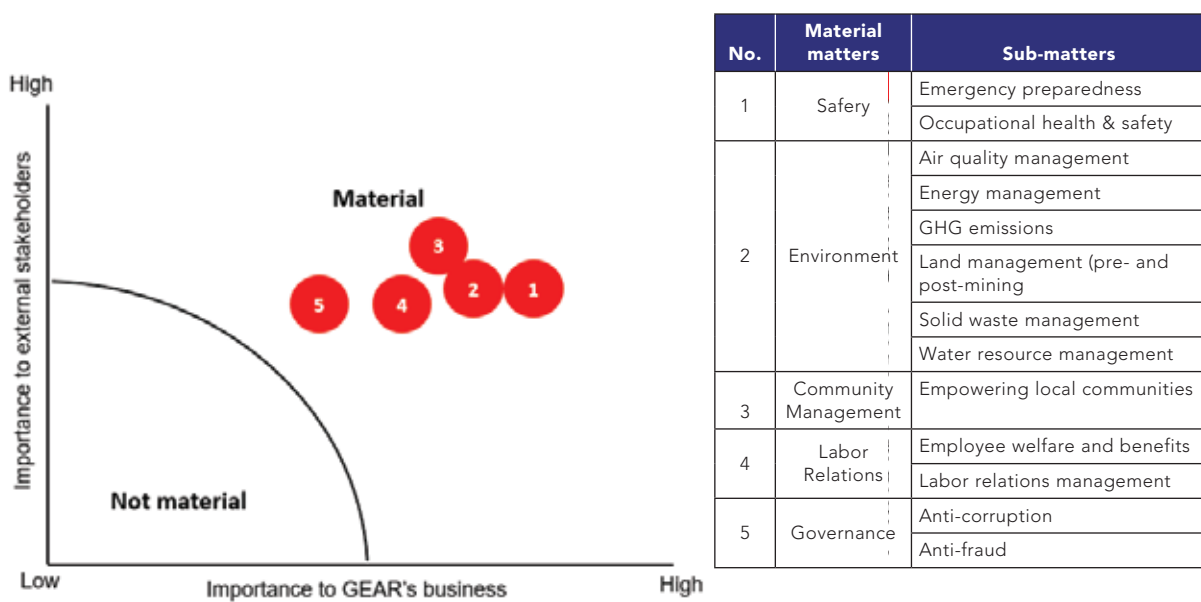
Stakeholder group	Stakeholder's expectations	Stakeholder management/ Response to stakeholder's expectations	Engagement platforms	Frequency of engagement
Customers	Product and service quality	- Implementation of quality control processes - Provide transparent information about our product to customers - Regular engagement with customers to understand their satisfaction level	- Meetings - Annual and Sustainability Reports - Tours to site	- Periodic - Annual - As necessary
	Sustainable business practices	Implementation of sustainable business practices and transparent reporting		
Local communities	Socioeconomic development	- Local employment opportunities - Provision of trainings to enable the local community to earn their livelihood	- Dialogues with the local community - CSR programmes - Training programmes - Engagement with experts from Indonesia's top universities (Institut Pertanian Bogor and Universitas Indonesia) - Consultation with the local community for inputs to the EIA report - Local hiring - Engagement with third party specialists and the local government to take samples and monitor our environmental parameters	- Periodic - Periodic - Periodic - As necessary - As necessary - Every time - Every time
	Management of negative economic, environmental and social impact	- Implementation of CSR programmes - Management and monitoring of pre-agreed environmental parameters which are affected by our mining as stated in our Environmental Impact Assessment ("EIA") report - Engage experts to establish blueprint and evaluation criteria for long-term Corporate Social Responsibility ("CSR") programmes - Engaging local entrepreneurs and local enterprises to support our mining activities		
Regulatory authorities	Regulatory compliance	Keeping abreast of regulatory requirements and ensuring compliance to all	- Statutory reporting - Public consultation forums/ events - On-site inspections	- Periodic - Periodic - As necessary
	Community empowerment	Implementation of CSR programmes		
Contractors and suppliers	- Fair procurement practices - Business opportunities	Administration of open and fair tender process	Tender process	As necessary
	Safe working environment	Implementation of occupational health and safety initiatives	Performance Review	Periodic
	Feedback on performance	Review of supplies' performance		

For more information on our stakeholder engagement, please refer to our FY2018 Sustainability Report – Engaging our Stakeholders.

MATERIALITY ASSESSMENT

It is crucial for GEAR's future sustainability growth to establish which ESG matters are material for GEAR. Our formal assessment in 2017 year was conducted with key personnel from respective departments, including both internal and external stakeholders, with the guidance of independent sustainability consultants. Through a workshop, we narrowed down these factors by determining what are considered to be our greatest impacts, which GEAR has kept in FY2018.

Figure 1: GEAR's materiality matrix



For more information on our materiality assessment, please refer to our FY2018 Sustainability Report – Focusing on What Matters Most.

CORPORATE SOCIAL RESPONSIBILITIES

We seek to relentlessly strive in our endeavour of nation-building, sustainable development, inclusive growth and social equity through local community investment. Pursuant to that, we implemented various Corporate Social Responsibility ("CSR") initiatives to meet the need of local communities where we have presences in.

GEAR has donated to SGX Bull Charge which in 2018, had adopted 6 beneficiaries namely AWWA Ltd, Autism Association (Singapore), Community Chest, Fei Yue Community Services, HCSA community Services, and Shared Services for Charities. In addition to the SGX Bull Charge, GEAR and its employees had also participated in a Bread and Food Distribution exercise organised by Yong-en Care Centre, buying, packing and distributing food rations for over 150 families at Banda Street in Chinatown, Singapore.

SUSTAINABILITY OVERVIEW

As part of our CSR blue print in GEMS: Infrastructure-Health-Religious-Education-Economics, GEMS had built additional classroom facilities for students in the local community nearby our BIB concession areas after noticing the lack of classroom facilities for the teachers to conduct and students to attend their lessons. In addition, BIB collaborated with a plywood factory nearby its concession area to provide opportunity for the local communities to use the plywood to make into furniture for classrooms and etc, and wood curving products for sale. To encourage the local communities to participate in our collaborations with the plywood factory, we also provide the necessary trainings for the local communities to work towards self-sufficiency.

Furthermore, in accordance to the Indonesian Government Regulation regarding Communities Empowerment & Development in mining sector Industry, we developed our CSR programme in line with 8 pillars stated in the Ministry Regulation No. 41-2016 yearly. Some of our noteworthy community investments and initiatives in FY2018 are as follows:

CSR Blueprint Pillars	Our community investments and initiatives in FY2018
Education	Supporting Teacher Quality Improvement Program for 140 teachers allocated to BIB
	Supporting the National Science Olympiad for 673 students and teachers
	Developing of Classroom facilities in 10 schools
Health promotion	Monitoring health condition of local community surrounding mining areas covering 300 students and teachers. Developing and providing access to Community Health Centre to benefit approximately 200 people per day
Real Income/Livelihood	Supporting local communities through providing access to training centers on: The Empowerment of Cattle Group in line with Post Mining Activities Pilot Project of the Development of Atsiri Oil
Socio-cultural	Building the community by bringing 1,020 households together in the Development of Community Based Clean Water Management

In 2018, GEMS and GEMS' CEO received the Top CSR Awards in FY 2018 for the 'TOP CSR 2018 – CSR Planning and Strategy towards Community Independence', and "Top Leader in CSR Commitment 2018", categories respectively. Administered by National Committee for Governance Policies ("Komite Nasional Kebijakan Governance") and CSR Society Indonesia. The Top CSR Award recognizes Indonesian companies that invest in CSR activities with effective management and measurable impact.

The detailed strategy and local community investment of GEAR is presented in our FY2018 Sustainability Report – Empowering Local Communities.



ACCOLADES RECEIVED BY GEMS GROUP



One of 50 Largest Companies by Market Capitalisation with the Best Good Corporate Governance Award

Period : 2018
 Organizer : Indonesian Institute for Corporate Directorship
 Award Date : 10 December 2018



PROPER Awards "Blue" Rating in Environmental Performance Assessment for BIB

Certification
 Period : 2017 – 2018
 Organizer : The Ministry of Environment and Forestry



PROPER Awards "Blue" Rating in Environmental Performance Assessment for KIM

Certification
 Period : 2017 – 2018
 Organizer : The Ministry of Environment and Forestry



100 Fastest Growing Companies Award for the Company for its ability to maintain sustainability and rapid growth

Period : 2018
 Organizer : Infobank Magazine
 Award Date : 31 January 2019



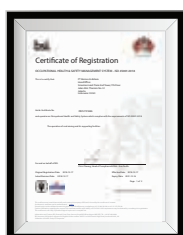
"Pratama" Mining Safety Management Award in the Category of Contract of Work, CCOW and Special Mining Business License for BIB

Period : 2017
 Organizer : The Ministry of Energy and Mineral Resources
 Award Date : 8 May 2018



"Utama" Mining Safety Management Award for BIB

Period : 2017
 Organizer : The Ministry of Energy and Mineral Resources
 Award Date : 8 May 2018



Certification related to Occupational Health and Safety Management System ISO:45001:2018 to BIB

Period : 17 December 2018-16 December 2021
 Organizer : BSI
 Award Date : 17 December 2018



Certificate related to Environment Management System-ISO 14001:2015 to BIB

Period : 17 December 2018-16 December 2021
 Organizer : BSI
 Award Date : 17 December 2018

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Lay Krisnan Cahya

Non-Executive Chairman

Mr. Fuganto Widjaja

Executive Director, Group Chief Executive Officer

Mr. Dwi Prasetyo Suseno

Executive Director, Deputy Group Chief Executive Officer

Mr. Mochtar Suhadi

Executive Director

Mr. Lim Yu Neng Paul

Lead Independent Director

Mr. Irwandy Arif

Independent Director

Mr. Lew Syn Pau

Independent Director

Mr. Djuangga Mangasi Mangunsong

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. Lay Krisnan Cahya

Mr. Lim Yu Neng Paul

REMUNERATION COMMITTEE

Mr. Lew Syn Pau

Chairman

Mr. Lim Yu Neng Paul

Mr. Fuganto Widjaja

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. Vincent Toong Weng Sum

(appointed with effect from financial year ended 31 December 2017)

REGISTERED OFFICE

20 Cecil Street

#05-05 PLUS

Singapore 049705

Tel: 6838 7500

Fax: 6284 0074

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte Ltd

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

Tel: 6535 5355

Fax: 6535 1360

PRINCIPAL BANKERS

CIMB Bank Berhad, Singapore Branch

RHB Bank Berhad, Singapore Branch

BNP Paribas, Singapore Branch

Credit Suisse AG, Singapore Branch

ICICI Bank Limited, Singapore Branch

PT Bank Central Asia Tbk

PT Bank CIMB Niaga Tbk

PT Bank Danamon Indonesia Tbk

PT Bank Mandiri (Persero) Tbk

PT Bank Rakyat Indonesia (Persero) Tbk

CORPORATE STRUCTURE



**GOLDEN ENERGY AND
RESOURCES LIMITED**

COAL MINING AND TRADING DIVISIONS

66.9998%

PT Golden Energy Mines Tbk (Listed on Indonesia Stock Exchange, since 17 November 2011) **

COAL MINING DIVISION

65.7235%

PT Borneo Indobara**⁽¹⁾

66.9997%

PT Kuansing Inti Makmur**⁽¹⁾

66.9997%

PT Karya Cemerlang Persada**⁽¹⁾

66.9997%

PT Bara Harmonis Batang Asam**⁽¹⁾

66.9997%

PT Bungo Bara Utama**⁽¹⁾

66.9997%

PT Berkat Nusantara Permai**⁽¹⁾

66.9997%

PT Tanjung Belit Bara Utama**⁽¹⁾

66.9998%

PT Wahana Rimba Lestari**⁽¹⁾

66.9998%

PT Berkat Satria Abadi**⁽¹⁾

66.9998%

PT Bungo Bara Makmur**⁽¹⁾

66.9998%

PT Kuansing Inti Sejahtera**⁽¹⁾

66.9998%

PT Barasentosa Lestari**⁽¹⁾

46.8999%

PT Trisula Kencana Sakti**⁽¹⁾

COAL TRADING DIVISION

66.9998%

GEMS Trading Resources Pte Ltd*⁽¹⁾

66.3404%

PT Roundhill Capital Indonesia**⁽¹⁾

100%

GEAR Trading Enterprise Pte Ltd*

NON-COAL BUSINESS

66.9932%

PT GEMS Energy Indonesia**⁽¹⁾

66.9998%

PT Era Mitra Selaras**⁽¹⁾

66.9998%

PT Dwikarya Sejati Utama**⁽¹⁾

66.9998%

PT Duta Sarana Internusa**⁽¹⁾

66.9998%

PT Unsoco**⁽¹⁾

66.9997%

PT Karya Mining Solutions**⁽¹⁾

99.9976%

PT Mangium Anugerah Lestari**

99.9999%

Golden Investments (Australia) Pte Ltd*

100%

PT Hutan Rindang Banua**

100%

GEAR Innovation Network Pte Ltd*

100%

PT Marga Buana Bumi Mulia**

100%

Anrof Singapore Limited[@]

100%

Able Advance Limited^{@@}

100%

Shinning Spring Resources Limited^{@@}

100%

Pacificwood Investment Ltd[@]

100%

Poh Lian (Cambodia) Ltd.^{@@@}

COKING COAL

25.47%

Stanmore Coal Limited[#]

GOLD

9.2519%

Westgold Resources Limited[#]

⁽¹⁾Subsidiaries of PT Golden Energy Mines Tbk

*Singapore

**Indonesia

[#]Strategic investments in Australia

[@]Mauritius

^{@@}BVI

^{@@@}Cambodia

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**”), to the extent that there are deviations, explanations have been provided in this Report. 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, Singapore Companies Act, Cap. 50 (“**Companies Act**”) 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;

CORPORATE GOVERNANCE REPORT

- (h) identifying key stakeholder groups and recognising that their perceptions affect the Company's reputation;
- (i) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and
- (j) 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.

The Board currently consists of eight 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 Chairman	Member of AC and NC
Fuganto Widjaja	Executive Director and Group Chief Executive Officer (" CEO ")	Member of RC
Dwi Prasetyo Suseno	Executive Director and Deputy Group Chief Executive Officer	N.A.
Mochtar Suhadi	Executive Director	N.A.
Lim Yu Neng Paul	Lead Independent Director	Chairman of AC and a member of NC and RC
Lew Syn Pau	Independent Director	Chairman of NC and RC and a member of AC
Irwandy Arif	Independent Director	N.A.
Djuangga Mangasi Mangunsong	Independent Director	N.A.

Abbreviation: N.A. : Not Applicable
 AC : Audit Committee
 NC : Nominating Committee
 RC : Remuneration 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 required. If a physical meeting is not possible, the Company's Constitution provides for the Board to conduct meetings by telephone conference and/or video 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.

CORPORATE GOVERNANCE REPORT

Details on the number of Board and Board Committees' meetings held in 2018, and the attendance of Directors and Board Committees, members respectively at those meetings are disclosed below:

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

N.A.: Not Applicable

(1) Mr Djuangga Mangasi Mangunsong was appointed as an Independent Director with effect from 18 January 2018

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 or other applicable rules and regulations.

The Company has adopted internal guidelines governing matters that require Board's approval for transactions exceeding certain threshold limits, while delegating authority for transactions below those prescribed limits to specific members of key management via a structured authority matrix, which is reviewed on a regular basis and accordingly revised when necessary.

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.

CORPORATE GOVERNANCE REPORT

Directors are provided with updates and briefings from time to time by professional advisers, auditors 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 10 to 13 and pages 43 to 44 of this Annual Report.

The Board comprises eight Directors, four of whom are independent directors. With half of the Board made up by independent directors, the Company is aligned with the Guideline 2.2 of the Code. Taking into account the scope and nature of the current operations of the Group, the Board considers that the current board size of eight 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
Mr Djuangga Mangasi Mangunsong

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

The Board has adopted guidelines as set out in the Code and the SGX-ST Listing Manual on relationships, the existence 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. Each independent director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code and the SGX-ST Listing Manual.

CORPORATE GOVERNANCE REPORT

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, the SGX-ST Listing Manual 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 rigorous review. Mr Lim Yu Neng Paul has served on the Board as an Independent Non-Executive Director for more than nine years.

In reviewing the independence of Mr Lim Yu Neng Paul who has been appointed as a director since 2007, the NC considered that the Company has experienced changes in controlling shareholder and the management team after the reverse takeover in 2015. Although Mr Lim Yu Neng Paul has served more than nine years from the date of his appointment, he has demonstrated independence in character and judgment in the discharge of his responsibilities as a Director of the Company, and has been forthcoming in expressing his independent views, debates issues and objectively scrutinises and challenges Management at the Board and Board Committee meetings. During the review, Mr Lim Yu Neng Paul had excused himself and abstained from all deliberations and discussion.

The NC takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis of the length of time. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging the Management in the interests of the Group as he performs his duties in good faith, are more critical measures in ascertaining a Director's independence than the number of years served on the Board. Having considered the factors, the Board is of the view that Mr Lim continue to be considered as an Independent Director, notwithstanding that he has served on the Board for more than 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 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.

CORPORATE GOVERNANCE REPORT

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 2018, the Board comprises five Non-Executive Directors, of whom four are independent. The four 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 current Board, with Independent Non-Executive Directors making up one half of the Board, provides a strong element of independence on the Board capable of exercising objective judgement on corporate affairs of the Group. No individual or small group of individuals dominates the Board's decision-making.

In order to ensure good corporate governance practice and that there is no concentration of power and authority vested in one individual, the Company has appointed Mr Paul Lim Yu Neng since 20 April 2015 as the Lead Independent Director. The Lead Independent Director will be available to the shareholders where they have concerns which cannot be resolved through the normal channels of the Non-Executive Chairman, the CEO or the CFO, or where such contact is not possible or inappropriate.

The Independent Directors will also meet periodically without the presence of the other Directors, and the Lead Independent Director will provide feedback to the Non-Executive Chairman after such meetings.

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:

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

CORPORATE GOVERNANCE REPORT

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.

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 Irwandy Arif, Mr Lim Yu Neng Paul and Mr Mochtar Suhadi will retire from office by rotation at the forthcoming AGM under Regulation 107 of the Constitution, and, being eligible, have offered themselves for re-election. The NC has recommended their re-election at the forthcoming AGM. Key information regarding these Directors are set out in pages 167 to 173 of this Annual Report.

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.

The Board has not engaged any external facilitator to conduct the assessment of the performance of the Board and each individual Director.

CORPORATE GOVERNANCE REPORT

There are no alternate directors appointed to the Board and the Board does not encourage the appointment of alternate Directors 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 Chairman	20 April 2015	30 April 2018
Fuganto Widjaja	Executive Director and Group CEO	20 April 2015	28 April 2017
Dwi Prasetyo Suseno	Executive Director and Deputy Group CEO	26 October 2015	30 April 2018
Mochtar Suhadi	Executive Director	20 April 2015	29 April 2016
Lim Yu Neng Paul ⁽¹⁾	Lead Independent Director	3 August 2007	29 April 2016
Irwandy Arif	Independent Director	20 April 2015	28 April 2017
Lew Syn Pau	Independent Director	20 April 2015	28 April 2017
Djuangga Mangasi Mangunsong	Independent Director	18 January 2018	30 April 2018

(1) Mr Lim was re-designated as an Independent Director on 26 February 2009.

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 2016 to 31 December 2018 are as follows:

Mr Lay Krisnan Cahya	Mr Fuganto Widjaja
Current Directorships in other Listed Companies/ Principal Commitments – PT Dian Swastatika Sentosa Tbk – PT Golden Energy Mines Tbk – PT DSSE Energi Mas Utama – PT Eka Mas Republik – PT Innovate Mas Indonesia – PT Rolimex Kimia Nusamas – PT DSSA Mas Infrastrukture	Current Directorships in other Listed Companies/ Principal Commitments – PT Golden Energy Mines Tbk – PT Sinar Mas Multiartha Tbk – PT Super Wahana Tehno – PT Roundhill Capital Indonesia – PT Borneo Indobara
Past Directorships in other Listed Companies/ Principal Commitments – PT DSSP Power Mas Utama – PT DSSP Power Sumsel – PT DSSP Power Kendari – PT SKS Listrik Kalimantan	Past Directorships in other Listed Companies/ Principal Commitments – PT DSSP Power Sumsel – PT Bumi Anugerah Semesta – PT Berau Coal Energy Tbk

CORPORATE GOVERNANCE REPORT

Mr Dwi Prasetyo Suseno	Mr Mochtar Suhadi
Current Directorships in other Listed Companies/ Principal Commitments – GEAR Trading Enterprise Pte Ltd	Current Directorships in other Listed Companies/ Principal Commitments – PT Pelayaran Sanditia Perkasa Maritim
Past Directorships in other Listed Companies/ Principal Commitments – PT Golden Energy Mines Tbk – Straits Corporation Pte Ltd – PT Indo Straits Tbk – PT Geobara Indonesia – Vallar Investment UK Limited	Past Directorships in other Listed Companies/ Principal Commitments – PT Mutiara Tanjung Lestari – PT Golden Energy Mines Tbk – PT Trisula Kencana Sakti – PT Roundhill Capital Indonesia – PT GEMS Energy Indonesia – PT Karya Mining Solutions – PT Era Mitras Selaras – PT Wahana Rimba Lestari – PT Berkat Satria Abadi – PT JGC Coal Fuel
Mr Lim Yu Neng Paul	Mr Lew Syn Pau
Current Directorships in other Listed Companies/ Principal Commitments – China Everbright Water Limited – Nippecraft Limited – SBI Ven Capital Pte Ltd	Current Directorships in other Listed Companies/ Principal Commitments – Sinarmas Land Limited – SUTL Enterprise Ltd – Food Empire Holdings Ltd – Golden-Agri Resources Ltd – Broadway Industrial Group Ltd
Past Directorships in other Listed Companies/ Principal Commitments – Nil	Past Directorships in other Listed Companies/ Principal Commitments – Poh Tiong Choon Logistics Limited
Mr Irwandy Arif	Mr Djuangga Mangasi Mangunsong
Current Directorships in other Listed Companies/ Principal Commitments – PT Golden Energy Mines Tbk – PT Tobabara Sejahtera Tbk – PT Indexim Coalindo – Bandung Institute of Technology	Current Directorships in other Listed Companies/ Principal Commitments – Nil
Past Directorships in other Listed Companies/ Principal Commitments – PT Adaro Energy Tbk – PT Vale Indonesia Tbk	Past Directorships in other Listed Companies/ Principal Commitments – Nil

CORPORATE GOVERNANCE REPORT

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 and the board committees 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 performance criteria do not change from year to year, unless the NC is of the view that it is necessary to change the performance criteria, for example, in order to align with any changes to the Code. 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. A summary report will be compiled by the Chairman of NC and submitted to the Chairman of the Board for analysis and discussion with a view to implement certain recommendations to further enhance the effectiveness of the Board. 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.

The Chairman, in consultation with the NC, will, if necessary, propose new members to be appointed to the Board or seek the resignation of directors.

The Board has not engaged any external facilitator to conduct the assessment of the performance of the Board and each individual Director.

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 is responsible for, among other things, ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations including requirements of the Singapore Securities Futures Act (Chapter 289), Companies Act and SGX-ST Listing Manual, are complied with. The Company Secretary attends all Board meetings and prepares minutes of Board meetings and assists the Chairman of the Company in ensuring good information flows within the Board and its Board Committees and between Management and Non-Executive Directors. The appointment and removal of the Company Secretary is subject to approval of the Board as a whole.

CORPORATE GOVERNANCE REPORT

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.

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 Directors:

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

The Board recognises that the composition of the RC is not in accordance with the Code that the RC should be made up entirely Non-Executive Directors. However, the Board is of the view that the composition of the RC adequate as a majority of its members are independent and the Chairman is non-executive and independent. The Board is also of the view that the composition of the RC is able to provide the necessary objective inputs to the various decisions made by the Board. In addition, Mr Fuganto Widjaja has a better understanding of the Group's operations and therefore, is in an appropriate position to advise and recommend on the remuneration packages that would commensurate with the level of responsibilities of each key executive. Mr Widjaja, a member of the RC and Executive Director and Group CEO, shall abstain from all discussions, deliberations and decision of his own remuneration.

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.

CORPORATE GOVERNANCE REPORT

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.

The 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 2018 ("FY2018") is set out in the table below:

Name of Directors	Fixed Salary	Variable Bonus	Benefits-in-kind	Directors' Fees	Total
S\$750,001 to below S\$1,000,000					
Dwi Prasetyo Suseno	18%	82%	–	–	100%
Mochtar Suhadi	17%	83%	–	–	100%
S\$500,001 to below S\$750,000					
Fuganto Widjaja	57%	43%	–	–	100%

CORPORATE GOVERNANCE REPORT

Name of Directors	Fixed Salary	Variable Bonus	Benefits-in-kind	Directors' Fees	Total
Below S\$250,000					
Lay Krisnan Cahya*	–	–	–	–	–
Irwandy Arif	–	–	–	100%	100%
Lew Syn Pau	–	–	–	100%	100%
Lim Yu Neng Paul	–	–	–	100%	100%
Djuangga Mangasi Mangungsong ⁽¹⁾	–	–	–	100%	100%

* Received remuneration from related companies outside of the Group.

(1) Mr Djuangga Mangasi Mangungsong was appointed as an Independent Director with effect from 18 January 2018.

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 5 key management personnel who are not Directors or the CEO of the Company ("**KMP**") for FY2018 and their remuneration falling in bands of S\$250,000, are as follows:

Bonifasius
Kumar Krishnan
Retno Nartani
Hartana
Pauline Lee

<u>KMP's Remuneration Band</u>	<u>Number of KMP</u>
S\$1,000,001 to S\$1,250,000	2
S\$500,001 to S\$750,000	1
S\$250,000 to S\$500,000	2

The total remuneration paid to the top 5 KMP for FY2018 amounted to US\$2,824,894.

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 FY2018.

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

CORPORATE GOVERNANCE REPORT

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.

Management provides the Board with management accounts and such explanation and information on quarterly basis. In addition, information on salient developments and material transactions are also provided to directors as and when they arise 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 Group 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 SGX-ST 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.

CORPORATE GOVERNANCE REPORT

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 2018.

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 Group 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.

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.

CORPORATE GOVERNANCE REPORT

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/re-appointment 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 SGX-ST Listing Manual;
- 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 SGX-ST Listing Manual, and by such amendments made thereto from time to time.

CORPORATE GOVERNANCE REPORT

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

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 SGX-ST Listing Manual.

The Company engages members of Ernst & Young Global for all its significant subsidiaries and/or associated companies except three (3) subsidiaries 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 a different auditor for its three (3) subsidiaries and were satisfied that the appointment of a different auditor for three (3) subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

In accordance with Rule 1207 (6) of the SGX-ST Listing Manual, the fees paid to Ernst & Young LLP for their audit and non-audit services for the financial year under review are found in Note 7 "Profit before tax" to the Consolidated Financial Statements of this Report. Ernst & Young LLP is an audit firm registered with the Singapore Accounting and 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 SGX-ST 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. The AC is responsible for the review of the whistle-blowing policy and any concern raised through the whistle-blowing arrangements. All whistle-blower complaints, if any, will be reviewed by the AC at its quarterly meetings. 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.

CORPORATE GOVERNANCE REPORT

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 auditors 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 arising from the acquisition of PT Unsoco ("**Unsoco**"), PT Dwikarya Sejati Utama and its subsidiaries ("**DSU Group**") and the mandatory convertible bonds ("**MCB**") which the acquisition was completed on 31 August 2018. It reviewed the reasonableness of the purchase price allocation ("**PPA**") report of Unsoco and DSU Group's fair value of identifiable assets, including mining assets and their measurement at fair value, and liabilities, 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 2018. Please refer to The Independent Auditor's Report contained in this Report.

Impairment assessment of goodwill, intangible assets and investment in a subsidiary

The AC considered the approach and methodology applied to the valuation model in the impairment assessments. It reviewed the reasonableness of the cash flow forecasts, key assumptions and discount rate used in the valuation models.

The impairment review was also an area of focus for the external auditor. The external auditor has included this as a key audit matter in its audit report for the financial year ended 31 December 2018. Please refer to The Independent Auditor's Report contained in this Report.

Impairment assessment of assets from coal mining and trading segments (Investment in subsidiary, mining properties and PPE)

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, key assumptions 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 2018. Please refer to The Independent Auditor's Report contained in this Report.

CORPORATE GOVERNANCE 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.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have direct impact on financial statements with updates from the external auditors on a yearly basis.

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 Company has also appointed a Head of Internal Audit to oversee the work of GEMS inhouse 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 subsidiaries maintain a sound system of internal controls.

The Head of Internal Audit Work Unit of GEMS ("**HIAWU**"), reports to AC of GEMS and Head of Internal Audit ("**HIA**") of the Company. The HIA reports to the AC of the Company. On administrative matters, the HIAWU reports to the President Director of GEMS and HIA to the CEO of GEAR. The Internal Audit Work Unit of both GEMS and GEAR ("**IAWU**") are 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.

Every quarter, the AC and Management review and discuss GEMS internal audit findings, recommendations and status of remediation, at AC meetings. The IAWU, 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 internal audit functions are independent and are adequately resourced and have appropriate standing within the Group to perform its functions properly and effectively.

CORPORATE GOVERNANCE REPORT

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 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 has put in place an investor relations policy to ensure effective communications with shareholders. Updates and amendments (as appropriate) will be made to reflect best practices in our communication with shareholders and the investment community. The Company also has a dedicated investor relations team which focuses on facilitating communications with shareholders and analysts on a regular basis and attending to their queries or concerns in a timely basis.

The Company's outreach includes briefings conducted by senior management in connection with the release of financial results, as well as one-on-one investor meetings and/or seminars, and participation at investment conferences and non-deal roadshows. This is in addition to the Company providing timely information to stakeholders via SGXNET announcements, comprising news releases and presentations, among others.

CORPORATE GOVERNANCE REPORT

The covenants under the Company's bond regulate the dividend amount that the Company can declare to its shareholders. The amount and frequency of dividends will depend on, *inter alia*, meeting the covenants under the bond, the Group's financial performance and financial position, its expansion plans and working 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. As the authentication of shareholder identity and other related integrity issues remain a concern, the Company will not implement voting in absentia by mail or electronic means for the time being. The Company has implemented electronic poll voting for all resolutions passed at general meetings for greater transparency in the voting process. Before commencement of the proceedings at the general meetings, the independent scrutineer appointed by the Company will disclose the voting and vote tabulation procedures. Votes cast for, or against, each resolution will be tallied and displayed live-on-screen to shareholders at the meeting. The total numbers and percentage of votes cast for or against the resolutions are announced at the meetings. The same information is also included in the announcement on SGXNET after the conclusion of the general meeting. GEAR will continue to use the electronic poll voting system at the forthcoming AGM.

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 SGX-ST Listing Manual 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	–	94,545
PT Lontar Papyrus Pulp and Paper Industry	–	26,631
PT Sinar Mas Agro Resources & Technology Tbk	–	9,333
GMR Infrastructure (Singapore) Pte Limited	3,489^^	–
PT Pabrik Kertas Tjiwi Kimia Tbk	–	10,411
PT SOCI Mas	–	1,196
Hainan Jinhai Trading (Hong Kong) Co., Ltd	–	56,963
PT Ivo Mas Tunggal	–	2,260
PT Energi Sejahtera Mas	577*	5,468
PT Pindo Deli Pulp and Paper Mills	–	4,145
Gold HongYe Trading (Hong Kong) Company Limited	–	10,010
PT DSSP Power Kendari	–	659
Interest income:		
PT Bank Sinarmas Tbk	–	7
Purchases:		
PT Rolimex Kimia Nusamas	–	268
PT Barasentosa Lestari	118**	–

CORPORATE GOVERNANCE REPORT

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)
Rental expenses:		
PT Royal Oriental	–	756
Repair and maintenance:		
PT Wirakarya Sakti	–	1,030
Telecommunication:		
PT Smartfren Telecom Tbk	–	27
Insurance expenses:		
PT Asuransi Sinar Mas	–	5,088
PT Asuransi Simas Net	–	2

* Coal sale contract (includes contract pursuant to a coal sale agreement) entered into with PT Energi Sejahtera Mas on or before 28 April 2017 and delivered during the year under review.

^^ Amendment to the Coal Sale Agreement of August 2011 with GMR Coal Resources Pte Ltd was approved by Shareholders on 21 August 2017.

** Coal purchase contract pursuant to 2 coal purchase agreements entered into with PT Barasentosa Lestari ("BSL") before 31 August 2018, and delivered during the period under review. Our Group completed the acquisition of BSL from GMR group of companies on 31 August 2018 and transactions relating to any new coal purchase agreement(s) entered into with BSL with our Group of companies after 31 August 2018 would not fall under the scope of interested person transactions.

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.

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

In November 2017, the Group and PT Energi Sejahtera Mas ("**ESM**") entered in 1 coal sales contract under a sales order dated 28 April 2017, pursuant to which the Group agreed to sell to ESM 9,181.36 metric tonnes of thermal coal for an aggregate value of US\$577,000 in January 2018. The transactions were entered into on an arm's length basis and on normal commercial terms. ESM is an associate of our immediate holding company and ultimate controlling shareholders. Pursuant to the modification of the Mandated Interested Persons in the Sinar Mas IPT Mandate, transactions arising from coal sale contracts or agreements entered into with ESM after 28 April 2017 would be considered "Mandated Interested Persons Transactions".

In August 2018, the Group had purchase 2,704 metric tonnes of thermal coal from PT Barasentosa Lestari ("**BSL**") for an aggregate value of US\$118,000, pursuant to a coal purchase agreement dated 27 April 2017 (amended from time to time).

BSL was an associate of GMR Infrastructure Limited. GMR Coal Resources Pte Ltd is the 30% shareholder of GEMS and is considered to be an interested person by SGX-ST. GMR Vendors and GMR Coal Resources Pte Ltd are associates of GMR Infrastructure Limited. On 31 August 2018, the Group completed the acquisition of BSL, PT Unsoco, PT Duta Sarana Internusa and PT Dwikarya Sejati Utama from the GMR vendors, namely GMR Energy (Netherlands) B.V. and GMR Infrastructure (Overseas) Limited, pursuant to Shareholders' approval obtained on 13 July 2018. With immediate effect, transactions relating to new agreement(s) with BSL after 31 August 2018 would not be subjected to Chapter 9 of the SGX-ST Listing Rule.

In January 2018, pursuant to the coal sale agreement entered into between GEMS and GMR Infrastructure Investments (S) Pte Ltd (now known as GMR Coal Resources Pte Ltd) of 11 August 2011 (as amended on 14 September 2017) ("**CSA**"), the Group delivered and sold 75,000 metric tonnes of thermal coal for an aggregate value of US\$3.5 million to GMR Infrastructure (Singapore) Pte Limited. The transaction was entered into in accordance with the CSA and on normal commercial terms. GMR Coal Resources Pte Ltd is the 30% shareholder of GEMS and is considered to be an interested person by SGX-ST. GMR Infrastructure (Singapore) Pte Limited and GMR Coal Resources Pte Ltd are associates of GMR Infrastructure Limited.

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**”). On 25 July 2017, the Company had announced the reallocation of the balance proceeds (“**Reallocation**”) and on 9 July 2018, the Company had further reallocated the balance unutilised proceeds (“**Final Relocation**”). As at 9 July 2018, the Company has fully utilised the net proceeds as follows:

Use of Net Proceeds (S\$'000)	Amount allocated after Reallocation	Amount allocated after the Final Reallocation	Amount utilised as at 9 July 2018
Repayment of loans owing to creditors	92,535	92,535	92,535
Working Capital (including, <i>inter alia</i> , manpower expenses, office running expenses, payment to tax authorities, professional fees for compliance placement and various corporate exercises, internal and external audit fees, fees for tax agents; share registrar and corporate secretarial service providers)	23,958	24,159	24,159
Repayments for RTO expenses (including, <i>inter alia</i> , professional fees paid to external auditors; financial advisers and legal counsels)	3,600	3,399	3,399
Total reallocated/utilised	120,093	120,093	120,093

Taking into account the above utilisation of the Net Proceeds, the total amounts utilised to date for repayment of loans owing to creditors; working capital and repayment for RTO expenses amounted to S\$92.53 million; S\$24.16 million; and S\$3.40 million respectively, which represent approximately 77.05%; 20.12% and 2.83% of the Net Proceeds.

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 Bumbu Regency, South Kalimantan Province	49,991 m ²	30 years (until 28 October 2039)	Base camp 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%	Suak Samin Village, Pengabuan District, Tanjung Jabung Barat, Jambi, Indonesia	54,460 m ²	20 years (until 14 July 2034)	For Port infrastructure
PT Tanjung Belit Bara Utama	66.9997%	Suak Samin Village, Pengabuan District, Tanjung Jabung Barat, Jambi, Indonesia	13,240 m ²	19 years (until 1 April 2034)	For Port infrastructure
PT Tanjung Belit Bara Utama	66.9997%	Suak Samin Village, Pengabuan District, Tanjung Jabung Barat, Jambi, Indonesia	46,620 m ²	20 years (until 1 July 2035)	For Port infrastructure

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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 2018.

1. Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet 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 2018 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.

2. 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
Djuangga Mangasi Mangunsong (appointed on 18 January 2018)

In accordance with Article 107 of the Company's Constitution, Messrs Mochtar Suhadi, Lim Yu Neng Paul and Irwandy Arif will retire and being eligible, offer themselves for re-election.

3. 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' STATEMENT

4. 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:

Name of Director	Direct interest		Deemed interest	
	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	—	—	320,000	320,000

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

Messrs Indra Widjaja, Franky Oesman Widjaja and 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 2019.

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.

5. Options

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

DIRECTORS' STATEMENT

6. 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.

The AC convened four meetings during the year with full attendance from all members. 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 Corporate Governance Report.

DIRECTORS' STATEMENT

7. 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
1 April 2019

INDEPENDENT AUDITOR'S REPORT

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 2018, 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 Singapore Financial Reporting Standards (International) (SFRS(I)) 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 2018 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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

Key Audit Matters (Continued)

1. Accounting for Business combinations

The Group acquired PT Dwikarya Sejati Utama and its subsidiaries, and PT Unsoco (collectively "BSL") on 31 August 2018. The purchase price is required to be allocated to the acquired identifiable assets and liabilities, and the determination of the resultant goodwill as at the date of acquisition. An independent professional valuer was engaged by management to perform the Purchase Price Allocation ("PPA") exercise and determine the fair value of the acquired assets and liabilities. The identification and measurement of the acquired assets and liabilities, including mining assets, is inherently judgemental and requires estimates, thus we considered this area to be a key audit matter.

Our procedures included, amongst others, review the key terms in the sales and purchase agreement and financial information of BSL to obtain an understanding of the transaction. We obtained the PPA valuation prepared by the independent professional valuer engaged by management and assessed the competence, capabilities and objectivity of the valuer. We assessed the identification of the acquired assets and liabilities, and the allocation of the purchase price based on our understanding of the business acquired. In assessing the reasonableness of the valuation methodologies used by management and independent professional valuer in the fair valuation of the acquired assets and liabilities, we have involved our internal specialist. We assessed the reasonableness of certain key assumptions used in measuring the fair value of the acquired assets, including the discount rate, inflation rate, estimated coal price, future production level and production costs. With the assistance of our internal specialist, we reviewed the reasonableness of the discount rate, estimated coal price and inflation rate used. We also considered the adequacy of disclosures in respect of the acquisition in Note 15 to the financial statements.

2. Impairment assessment of goodwill, intangible assets and investment in a subsidiary other than coal mining and trading segment

Management performed impairment assessments as at 31 December 2018 on the following:

- (i) Group's assets attributable to the forestry and pulp cash-generating unit ("CGU"):
 - goodwill of US\$91,363,000; and
 - intangible assets of US\$11,194,000 (net of amortisation).
- (ii) Company's investment in Anrof Singapore Limited which has a carrying amount of US\$66,978,000 (net of an impairment of US\$65,044,000).

Management has prepared a discounted cash flow analysis to determine the recoverable amount of these assets using the value-in-use (VIU) method based on the discounted cash flows over the remaining forest concession period. The VIU calculation is determined based on significant operational assumptions such as estimated log price, production costs, planting area, average plantation yield and discount rate. These estimates require significant judgement. As such, we determined this to be a key audit matter.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (Continued)

2. Impairment assessment of goodwill, intangible assets and investment in a subsidiary other than coal mining and trading segment (Continued)

Our audit procedures included, amongst others, assessing the appropriateness of the methodology used by management and evaluated the reasonableness of the key assumptions used in determining the recoverable amount. We compared the estimated log price, production costs, planting area, average plantation yield to historical data and market available data. We assessed the reasonableness of discount rate used with the assistance of our valuation specialist. We evaluated the robustness of management's forecasting process by comparing previous forecasts to actual results. We also considered the adequacy of the disclosures made on the impairment test in Note 13 and 14 to the financial statements.

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

Management performed impairment assessments on the Group's mining properties held by loss making subsidiaries. Management also performed impairment assessment on the Company's cost of investment in PT Golden Energy Mines Tbk, a listed company in Indonesia, which although profitable, the carrying value of investment is higher than its share of market capitalisation.

Management prepared a discounted cash flow analysis to determine the recoverable amount of these assets using the VIU method. The VIU calculation is determined based on significant assumptions such as estimated coal price, future production level, production costs, and discount rate. These estimates require significant judgement. As such, we determined this to be a key audit matter.

Our audit procedures included, amongst others, assessing the appropriateness of the methodology used by management and evaluated the reasonableness of the key assumptions used in determining the recoverable amount. We compared the estimated coal price to market available data, agreed the coal reserves estimates to the independent qualified person's report and 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. We assessed the reasonableness of discount rate used with the assistance of our valuation specialist. We evaluated the robustness of management's forecasting process by comparing previous forecasts to actual results. We also considered the adequacy of the disclosures made on the impairment test 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.

INDEPENDENT AUDITOR'S REPORT

Other Information (Continued)

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 for 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 SFRS(I), 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.

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.

INDEPENDENT AUDITOR'S REPORT

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

- 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.

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 Vincent Toong Weng Sum.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
1 April 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In United States Dollars)

	Note	2018 US\$'000	2017 US\$'000
Revenue	4	1,048,478	763,806
Cost of sales		(686,690)	(447,898)
Gross profit		361,788	315,908
Other income	5	13,780	17,353
Selling and distribution expenses		(151,304)	(99,202)
Administrative expenses		(76,934)	(55,110)
Fair value gain/(loss) on biological assets	10	2,547	(644)
Finance costs	6	(24,111)	(11,949)
Other operating expenses		(10,573)	(8,715)
Profit before tax	7	115,193	157,641
Income tax expense	8	(41,513)	(53,206)
Profit for the year		73,680	104,435
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Net actuarial gain on post-employment benefits	24	163	73
Net loss on equity instruments fair value through other comprehensive income		(27,724)	(838)
		(27,561)	(765)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(2,551)	4,476
Other comprehensive income for the year, net of tax		(30,112)	3,711
Total comprehensive income for the year		43,568	108,146
Profit for the year attributable to:			
Owners of the Company		39,318	62,950
Non-controlling interests		34,362	41,485
		73,680	104,435
Total comprehensive income for the year attributable to:			
Owners of the Company		9,232	67,032
Non-controlling interests		34,336	41,114
		43,568	108,146
Earnings per share attributable to owners of the Company			
(cents per share)			
Basic and diluted	9	1.67	2.68

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

CONSOLIDATED BALANCE SHEETS

AS AT 31 DECEMBER 2018

(In United States Dollars)

		Group			Company		
	Note	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets							
Biological assets	10	3,381	316	–	–	–	–
Property, plant and equipment	11	80,375	64,435	58,940	225	196	9
Mining properties	12	227,658	85,848	88,836	–	–	–
Intangible assets	13	11,194	11,699	12,204	–	–	–
Goodwill	14	113,739	103,679	103,707	–	–	–
Investment in subsidiaries	15	–	–	–	1,319,404	1,337,613	1,203,073
Investment securities	20	57,703	23,340	14	57,673	23,310	–
Deferred tax assets	16	6,023	4,667	7,006	–	–	–
Other receivables	17	165	204	258	4,083	2,063	217
Restricted funds		14,800	4,664	639	6,827	1,310	–
Other non-current assets	18	46,274	23,139	23,548	3,784	–	–
		561,312	321,991	295,152	1,391,996	1,364,492	1,203,299
Current assets							
Inventories	19	19,645	16,135	8,637	–	–	–
Trade and other receivables	17	124,889	133,736	79,046	10,645	37,453	1,714
Other current assets	18	139,875	91,491	59,954	34,032	128	91
Investment securities	20	2,000	1,023	–	2,000	1,023	–
Cash and cash equivalents	21	113,113	188,701	79,076	26,325	13,579	20,354
		399,522	431,086	226,713	73,002	52,183	22,159
Current liabilities							
Trade and other payables	22	203,234	162,003	61,985	7,506	7,516	11,170
Loans and borrowings	23	46,167	25,209	2,270	–	–	–
Provision for taxation		1,747	35,348	8,808	315	6	52
		251,148	222,560	73,063	7,821	7,522	11,222
Net current assets		148,374	208,526	153,650	65,181	44,661	10,937

CONSOLIDATED BALANCE SHEETS (CONTINUED)

AS AT 31 DECEMBER 2018

(In United States Dollars)

		Group			Company		
	Note	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Non-current liabilities							
Other payables	22	34,035	123	112	–	–	–
Loans and borrowings	23	222,860	69,774	47,388	148,199	30,000	–
Deferred tax liabilities	16	29,541	13,007	13,084	100	103	95
Post-employment benefits	24	2,979	2,837	2,338	–	–	–
Provision for mine closure	25	1,996	1,721	1,676	–	–	–
		<u>291,411</u>	<u>87,462</u>	<u>64,598</u>	<u>148,299</u>	<u>30,103</u>	<u>95</u>
Net assets		<u>418,275</u>	<u>443,055</u>	<u>384,204</u>	<u>1,308,878</u>	<u>1,379,050</u>	<u>1,214,141</u>
Equity attributable to equity holders of the Company							
Share capital	26	305,528	305,528	316,253	1,230,107	1,230,107	1,631,352
Reserves		<u>7,727</u>	<u>40,201</u>	<u>(19,779)</u>	<u>78,771</u>	<u>148,943</u>	<u>(417,211)</u>
		<u>313,255</u>	<u>345,729</u>	<u>296,474</u>	<u>1,308,878</u>	<u>1,379,050</u>	<u>1,214,141</u>
Non-controlling interests		<u>105,020</u>	<u>97,326</u>	<u>87,730</u>	–	–	–
Total equity		<u>418,275</u>	<u>443,055</u>	<u>384,204</u>	<u>1,308,878</u>	<u>1,379,050</u>	<u>1,214,141</u>

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 2018

(In United States Dollars)

Group 2018	Attributable to owners of the Company						
	Share capital (Note 26)	Foreign currency translation reserves ⁽¹⁾	Other reserves ⁽²⁾	Retained earnings	Total reserves	Non- controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2018	305,528	(45,958)	480	85,679	40,201	97,326	443,055
Profit for the year	–	–	–	39,318	39,318	34,362	73,680
<u>Other comprehensive income</u>							
Net actuarial gain on post-employment benefits	–	–	109	–	109	54	163
Net loss on equity instruments fair value through other comprehensive income	–	–	(27,724)	–	(27,724)	–	(27,724)
Foreign currency translation	–	(2,471)	–	–	(2,471)	(80)	(2,551)
Other comprehensive income for the year	–	(2,471)	(27,615)	–	(30,086)	(26)	(30,112)
Total comprehensive income for the year	–	(2,471)	(27,615)	39,318	9,232	34,336	43,568
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	(26,642)	(26,642)
Dividend paid (Note 33)	–	–	–	(41,706)	(41,706)	–	(41,706)
At 31 December 2018	<u>305,528</u>	<u>(48,429)</u>	<u>(27,135)</u>	<u>83,291</u>	<u>7,727</u>	<u>105,020</u>	<u>418,275</u>

(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 to reserves that arose from movements in non-controlling interest ("NCI") of certain subsidiaries, net actuarial gain/(loss) in post-employment benefits and net loss on equity instruments fair value through other comprehensive income.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In United States Dollars)

Group	Attributable to owners of the Company						
	Share capital (Note 26) US\$'000	Foreign currency translation reserves ⁽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
2017							
At 1 January 2017	316,253	(50,841)	1,281	29,781	(19,779)	87,730	384,204
Profit for the year	–	–	–	62,950	62,950	41,485	104,435
<u>Other comprehensive income</u>							
Net actuarial gain on post-employment benefits	–	–	37	–	37	36	73
Net fair value loss on available-for-sale assets	–	–	(838)	–	(838)	–	(838)
Foreign currency translation	–	4,883	–	–	4,883	(407)	4,476
Other comprehensive income for the year	–	4,883	(801)	–	4,082	(371)	3,711
Total comprehensive income for the year	–	4,883	(801)	62,950	67,032	41,114	108,146
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	(31,518)	(31,518)
Capital reduction	(10,725)	–	–	10,725	10,725	–	–
Dividend paid (Note 33)	–	–	–	(17,777)	(17,777)	–	(17,777)
At 31 December 2017	<u>305,528</u>	<u>(45,958)</u>	<u>480</u>	<u>85,679</u>	<u>40,201</u>	<u>97,326</u>	<u>443,055</u>

(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 to reserves that arose from movements in non-controlling interest ("NCI") of certain subsidiaries, net actuarial gain/(loss) in post-employment benefits and net fair value gain/loss on available-for-sale assets.

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 2018

(In United States Dollars)

	2018 US\$'000	2017 US\$'000
Cash flows from operating activities		
Profit before tax	115,193	157,641
Adjustments for:		
Provision for mine closure	275	45
Depreciation of property, plant and equipment	7,212	5,111
Property, plant and equipment written off	5	–
Gain on disposal of short term investment	(13)	(1,018)
Defined post-employment benefit expense	529	462
Fair value (gain)/loss on biological assets	(2,547)	644
Impairment loss on goodwill	6,505	–
Impairment loss on property, plant and equipment	–	993
Amortisation of mining properties	1,517	5,773
Amortisation of land exploitation	1,303	2,504
Amortisation of intangible assets	505	505
Amortisation of software	293	144
Amortisation of loans and borrowings	405	–
Interest and other financial charges	22,408	9,556
Interest income	(10,805)	(6,790)
Inventories written down	–	56
Write back of withholding tax expense	–	(4,846)
Net exchange differences	(275)	5,903
Operating cash flows before changes in working capital	142,510	176,683
<u>Changes in working capital:</u>		
Increase in inventories	(3,510)	(7,554)
Increase in trade, other receivables and prepayments	(68,029)	(80,043)
Increase in trade and other payables	51,706	97,301
Cash flows generated from operations	122,677	186,387
Interest and other financial charges paid	(9,648)	(9,333)
Interest income received	12,730	7,425
Income taxes paid	(101,472)	(15,554)
Net cash flows generated from operating activities	24,287	168,925

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

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(In United States Dollars)

	2018 US\$'000	2017 US\$'000
Cash flows from investing activities		
Proceeds from disposal of other investment	1,031	1,018
Net cash outflows on acquisition of subsidiaries	(64,864)	–
Additions to biological assets	(518)	(960)
Purchase of investment securities	(65,443)	(25,165)
Advance payment for proposed acquisition of subsidiaries	–	(8,000)
Proceeds from disposal of property, plant and equipment	179	29
Purchase of property, plant and equipment	(18,003)	(11,633)
Additions to mining properties	(836)	(3,074)
Payment for mines under construction	(78)	(25)
Increase in other non-current assets	(8,564)	(4,699)
Changes in restricted fund	(10,037)	(4,025)
Net cash flows used in investing activities	(167,133)	(56,534)
Cash flows from financing activities		
Payment of dividend	(41,706)	(17,777)
Payment of dividend to NCI of subsidiaries	(39,937)	(31,518)
Proceeds from issuance of bond, net of expenses	149,695	–
Proceeds from loans and borrowings	105,516	149,140
Repayment of loans and borrowings	(110,803)	(103,377)
Net cash flows generated from/(used in) financing activities	62,765	(3,532)
Net (decrease)/increase in cash and cash equivalents	(80,081)	108,859
Effect of exchange rate changes on cash and cash equivalents	4,493	766
Cash and cash equivalents at 1 January	188,701	79,076
Cash and cash equivalents at 31 December (Note 21)	113,113	188,701

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 2018

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 20 Cecil Street, #05-05 PLUS, Singapore 049705.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the 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), except when otherwise indicated.

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (Continued)

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.
- SFRS(I) 1-21 The Effects of Changes in Foreign Exchange Rates has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.
- The comparative information do not comply with SFRS(I) 9 Financial Instruments or SFRS(I) 7 Financial Instruments: Disclosures to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 Financial Instruments

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial Instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening revenue reserves at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (Continued)

SFRS(I) 9 Financial Instruments (Continued)

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at FVPL, unless an entity chooses on initial recognition, to present FVOCI. For equity security, the Group elects to measure its currently held available-for-sale quoted equity security at FVOCI.

There is no significant impact arising from measurement of the instruments above under SFRS(I) 9. The initial application of SFRS(I) 9 does not have any reclassification effect to the Group's and Company's financial statements.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

The initial application of SFRS(I) 9 does not have any impairment effect to the Company's financial statements.

Tax adjustments and other adjustments

There is no significant impact arising from tax adjustments from the adoption of SFRS(I) 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (Continued)

SFRS(I) 9 Financial Instruments (Continued)

The Group has assessed which business model apply to the financial assets held by the Group at 1 January 2018 and has classified its financial instruments into the appropriate categories in accordance with SFRS(I) 9. The effects, before tax impact are as follows:

Financial assets:

	Group				
	FRS 39 carrying amount on 31 December 2017 US\$'000	Reclassifications US\$'000	SFRS(I) 9 carrying amount on 1 January 2018 US\$'000	Retained earnings effect on 1 January 2018 US\$'000	Fair value reserves effect on 1 January 2018 US\$'000
FVPL	1,023	–	1,023	–	–
FVPL balances and reclassifications at 1 January 2018	<u>1,023</u>	<u>–</u>	<u>1,023</u>	<u>–</u>	<u>–</u>
FVOCI	23,310	30	23,340	–	–
Reclassified from AFS equity securities carried at cost	<u>30</u>	<u>(30)</u>	<u>–</u>	<u>–</u>	<u>–</u>
FVOCI balances and reclassifications at 1 January 2018	<u>23,340</u>	<u>–</u>	<u>23,340</u>	<u>–</u>	<u>–</u>

The initial application of SFRS(I) 9 does not have any reclassification effect to the Company's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (Continued)

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group is in a business of coal mining and coal trading. The Group has assessed that the adoption of this standard does not have any impact to the Group.

2.3 Standards issued but not yet effective

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

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
SFRS(I) 16 Leases	1 January 2019
INT SFRS(I) 123 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to SFRS(I) 28 Long-term interests in Associate and Joint Venture	1 January 2019
Improvements to SFRS(I)s (March 2018)	
– Amendments to SFRS(I) 103: Business Combinations	1 January 2019
– Amendments to SFRS(I) 111: Joint Arrangements	1 January 2019
– Amendments to SFRS(I) 12: Income Taxes	1 January 2019
– Amendments to SFRS(I) 23: Borrowing Costs	1 January 2019
Amendments to SFRS(I) 110 and SFRS (1) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 is described below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of ‘low value’ assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:–

- a. its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate as of 1 January 2019; or
- b. an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:–

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of US\$2,060,000 and lease liabilities of US\$2,060,000 for its leases previously classified as operating leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combination (Continued)

(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 SFRS(I).

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 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to owners of the Company.

Changes in the Company'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 end of the reporting period. 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 was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency (Continued)

(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 end of 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.

2.7 Biological assets

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (Continued)

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.

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.

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.

2.9 Mining properties

Pre-license Costs

Pre-license costs relate 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Mining properties (Continued)

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 “Mining 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 “Mining 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Mining properties (Continued)

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 in the "Mining properties" account, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Forest concession license

The forest concession license was acquired as a result of the Reverse Acquisition. The forest concession license has a finite useful life and is amortised on a straight line basis over the concession period until 2041.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 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.

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.

2.12 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial Instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial Instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement (Continued)

Investments in debt instruments (Continued)

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial Instruments (Continued)

(a) Financial assets (Continued)

De-recognition

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 365 days past due.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and demand deposits, and short-term highly liquid investments that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Inventories

The inventories comprise coal and logs.

(a) Coal inventories

Coal inventories are stated 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.

(b) Logs and plywood inventories

Logs and plywood 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:

- Raw materials refer to purchase cost
- 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.

2.17 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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.

2.19 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases – as lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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.

2.21 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of coals

Revenue is recognised when the customer obtains control of the good and all criteria for acceptance have been satisfied. Sales of coals is usually via "Free on Board" ("FOB"). Under FOB, the customer obtains control of the goods once the goods have been passed over the ship rail. The amount of revenue recognised is based on the selling price agreed and stated in the agreement.

(b) Sales of plywood and logs

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue (Continued)

(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.

2.22 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Taxes (Continued)

(b) Deferred tax (Continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Taxes (Continued)

(c) Sales tax

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

- (i) 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
- (ii) 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.

2.23 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.

2.24 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

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) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that non-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 31 December 2018 were US\$80,375,000 and US\$227,658,000 (31 December 2017: US\$64,435,000 and US\$85,848,000, 1 January 2017: US\$58,940,000 and US\$88,836,000), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(b) *Impairment of goodwill and intangible assets*

As disclosed in Notes 13 and 14, the recoverable amounts of the cash generating units to which goodwill and intangible assets 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 Note 14.

The carrying amount of goodwill and intangible assets as at 31 December 2018 were US\$113,739,000 and US\$11,194,000 (31 December 2017: US\$103,679,000 and US\$11,699,000, 1 January 2017: US\$103,707,000 and US\$12,204,000), respectively.

(c) *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 recoverable amount of the investment in subsidiaries is sensitive to the valuation inputs such as log price, coal price and discount rate. The key assumptions applied in the determination of the value-in-use including a sensitivity analysis, are disclosed and further explained in Note 15.

The carrying amount of the Company's investment in subsidiaries as at balance sheet date as at 31 December 2018 was US\$1,319,404,000 (31 December 2017: US\$1,337,613,000, 1 January 2017: US\$1,203,073,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(d) *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.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unutilised tax losses. The deferred tax assets recognised from tax losses at 31 December 2018 amounted to US\$3,917,000 (31 December 2017: US\$2,818,000, 1 January 2017: US\$4,830,000).

(e) *Coal reserves and resources estimates*

Coal reserves and resources estimates are estimates of the amount of coal that can be economically and legally extracted from the Group's mining properties. Such reserves and resources estimates and changes to these may impact the Group's reported financial position and results, in the following way:

- The carrying value of mining properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows
- Amortisation charges in the statement of comprehensive income may change where such charges are determined using the Unit of Production ("UOP") method
- Capitalised stripping costs recognised in the balance sheets as either part of mine properties or inventory or charged to profit or loss may change due to changes in stripping ratios

The Group estimates its coal reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the coal body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the coal body.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(e) Coal reserves and resources estimates (Continued)

Consequently, management will form a view of forecast sales prices based on current and long-term historical average price trends. For example, if current prices remain above long-term historical averages for an extended period of time, management may assume that lower prices will prevail in the future. As a result, those lower prices would be used to estimate coal reserves and resources under the JORC Code. Lower price assumptions generally result in lower estimates of reserves.

The coal reserves and resources estimate may change as a result of changes in the economic assumptions used and as additional geological information is produced during the mining operations.

4. REVENUE

	Group	
	2018 US\$'000	2017 US\$'000
Coal Mining	943,203	645,421
Coal Trading	103,620	114,027
Non-coal business	1,655	4,358
	1,048,478	763,806
Timing of transfer of goods or services		
At a point in time	1,048,478	763,806

5. OTHER INCOME

	Group	
	2018 US\$'000	2017 US\$'000
Interest income	10,805	6,790
Write back of withholding tax expense	–	4,846
Compensation income	–	1,673
Others	2,975	4,044
	13,780	17,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. FINANCE COSTS

	Group	
	2018 US\$'000	2017 US\$'000
Interest expense on bank loans and trade liabilities	22,215	9,556
Amortisation of discounted loans and borrowings	405	–
Others	1,491	2,393
	24,111	11,949

7. PROFIT BEFORE TAX

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

	Group	
	2018 US\$'000	2017 US\$'000
Mining services and overheads	407,548	224,405
Freight and stockpile	204,689	125,187
Inventories recognised as an expense in cost of sales	96,024	101,995
Royalty fees	107,113	69,789
Legal and professional fees	13,422	11,205
Land exploitation expenses	5,265	3,032
Provision for mine closure	275	45
Depreciation of property, plant and equipment	7,212	5,111
Amortisation of:		
– mining properties	1,517	5,773
– land exploitation	1,303	2,504
– intangible assets	505	505
– software	293	144
Audit fees:		
– Auditors of the Company	148	101
– Other auditors	291	285
Non-audit fees:		
– Auditors of the Company	8	33
Directors' fees	241	173
Staff costs:		
– Salaries, wages, bonuses and other costs	24,124	18,333
– Contributions to defined contribution plans	400	391
Gain on disposal of short term investment	(13)	(1,018)
Fair value (gain)/loss on biological assets	(2,547)	644
Impairment loss of goodwill	6,505	–
Impairment loss on property, plant and equipment	–	993
Foreign exchange loss, net	2,123	5,508

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. INCOME TAX EXPENSE

Major components of income tax expense

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

	Group	
	2018	2017
	US\$'000	US\$'000
Consolidated statement of comprehensive income		
Current income tax		
– Current year's income tax	(36,987)	(42,826)
– Over/(under) provision in respect of previous years	9	(1,287)
Deferred income tax (Note 16)		
– Current year	1,122	(2,586)
Withholding tax expense	(5,657)	(6,507)
Income tax expense	(41,513)	(53,206)
Other comprehensive income		
Deferred tax relate to other comprehensive income:		
– Net actuarial (gain)/loss on post-employment benefits	(54)	366

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. INCOME TAX EXPENSE (CONTINUED)

Relationship between tax expense and accounting profit

A reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December is as follows:

	Group	
	2018	2017
	US\$'000	US\$'000
Profit before tax	115,193	157,641
Tax expenses at the domestic rates applicable in the countries where the Group operates	(31,372)	(41,969)
<i>Adjustments:</i>		
Income not subject to tax	1,410	1,560
Expenses not deductible for tax purposes	(3,816)	(1,733)
Deferred tax assets not recognised	(2,116)	(3,272)
Over/(under) provision in respect of previous years	9	(1,287)
Withholding tax expense	(5,657)	(6,507)
Others	29	2
Income tax expense	(41,513)	(53,206)

The corporate income tax rate applicable to the entities in Singapore is 17% (2017: 17%). The corporate income tax rate applicable to the subsidiaries in Indonesia is 25% (2017: 25%).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit 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 per share for the financial years ended 31 December:

	Group	
	2018 US\$'000	2017 US\$'000
Profit for the year attributable to owners of the Company	39,318	62,950
Weighted average number of ordinary shares for basic and diluted earnings per share ('000)	2,353,100	2,353,100
Basic and diluted earnings per share attributable to owners of the Company (cents per share)	1.67	2.68

10. BIOLOGICAL ASSETS

	Group	
	2018 US\$'000	2017 US\$'000
Movement in biological assets:		
At 1 January	316	–
Costs incurred during the year	518	960
	834	960
Net change in fair value less estimated costs to sell	2,547	(644)
At 31 December	3,381	316

	Group					
	2018		2017		1.1.2017	
	Hectares	US\$'000	Hectares	US\$'000	Hectares	US\$'000
Existing Plantation Forest	5,010	3,250	3,564	162	2,309	–
Utilisable Natural Forest	1,173	131	1,358	154	1,480	–
	6,183	3,381	4,922	316	3,789	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. BIOLOGICAL ASSETS (CONTINUED)

Biological assets relate 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 8,237 m³ (31 December 2017: 90,057 m³) of logs.

Fair value measurements

The fair value of biological assets is estimated with reference to an independent professional valuation using discounted cash flows of biological assets. 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% (31 December 2017: 10%, 1 January 2017: 10%)	The higher the discount rate, the lower the fair value
Average plantations yield, in metric tonne (m ³ /ha) – Acacia Mangium, Sengon and Jabon	19.2 m ³ /ha to 175.5 m ³ /ha (31 December 2017: 19.2 m ³ /ha to 199.2 m ³ /ha, 1 January 2017: 19.2 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\$38.7/m ³ to US\$54.5/m ³ (31 December 2017: US\$41.1/m ³ to US\$57.9/m ³ , 1 January 2017: US\$37.5/m ³ to US\$52.5/m ³)	The higher the selling price, the higher the fair value
– Pulpwood	US\$52.8/m ³ (31 December 2017: US\$53.4/m ³ , 1 January 2017: US\$39.8/m ³)	

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold	Plant and	Motor	Computers, office equipment, furniture and fittings	Bearer	Construction	Total
	land and buildings US\$'000	machinery US\$'000	vehicles US\$'000	US\$'000	Plants US\$'000	in progress US\$'000	US\$'000
Cost							
1 January 2017	45,539	23,122	2,243	3,544	2,191	3,452	80,091
Reclassification	–	200	–	4	–	(204)	–
Additions	518	2,283	37	1,018	449	7,328	11,633
Disposals	–	–	(74)	–	–	–	(74)
Exchange differences	(11)	–	–	18	–	–	7
At 31 December 2017 and 1 January 2018	46,046	25,605	2,206	4,584	2,640	10,576	91,657
Reclassification	2,535	2,972	16	136	–	(5,659)	–
Additions	32	473	245	886	204	16,163	18,003
Acquisition of subsidiaries	4,492	82	2	63	–	713	5,352
Disposals	(407)	(88)	(287)	(337)	–	–	(1,119)
Written off	–	–	–	(176)	–	–	(176)
Exchange differences	(68)	(1)	–	(2)	–	–	(71)
At 31 December 2018	52,630	29,043	2,182	5,154	2,844	21,793	113,646
Accumulated depreciation							
At 1 January 2017	11,931	5,400	1,185	2,635	–	–	21,151
Charge for the year	2,595	1,771	287	458	–	–	5,111
Disposals	–	–	(45)	–	–	–	(45)
Impairment loss	–	993	–	–	–	–	993
Exchange differences	(7)	–	–	19	–	–	12
At 31 December 2017 and 1 January 2018	14,519	8,164	1,427	3,112	–	–	27,222
Charge for the year	3,450	2,153	321	1,288	–	–	7,212
Disposals	(366)	(88)	(153)	(333)	–	–	(940)
Written off	–	–	–	(171)	–	–	(171)
Exchange differences	(22)	(1)	1	(30)	–	–	(52)
At 31 December 2018	17,581	10,228	1,596	3,866	–	–	33,271
Net carrying amount							
At 1 January 2017	33,608	17,722	1,058	909	2,191	3,452	58,940
At 31 December 2017	31,527	17,441	779	1,472	2,640	10,576	64,435
At 31 December 2018	35,049	18,815	586	1,288	2,844	21,793	80,375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included in property, plant and equipment is a wood chip mill valued at scrap value of US\$3,566,000 (31 December 2017: US\$3,566,000, 1 January 2017: US\$4,070,000) as at 31 December 2018.

Bearer plants comprise of immature rubber plantations. The rubber plantation presently consist of trees aged between 1 to 5 years as at 31 December 2018, the Group's total plantation area is approximately 930 (31 December 2017: 933, 1 January 2017: 941) hectares.

(a) Assets pledged as security

Certain property and equipment of the Group with carrying value of US\$11,545,000 (31 December 2017: US\$12,649,000, 1 January 2017: US\$13,647,000) as at 31 December 2018 have been pledged as collateral for bank loans (Note 23).

(b) Depreciation charge

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

	Group	
	2018 US\$'000	2017 US\$'000
Charged to profit or loss		
– cost of sales	2,609	1,843
– selling and distribution expenses	1,241	1,134
– administrative expenses	2,620	1,507
– other operating expenses	742	627
Depreciation for the financial year ended	7,212	5,111

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Computers, office equipment, furniture and fittings	
	2018	2017
	US\$'000	US\$'000
Cost		
At 1 January	472	234
Additions	94	219
Written off	(176)	–
Net exchange differences	(9)	19
At 31 December	381	472
Accumulated depreciation		
At 1 January	276	225
Charge for the financial year	55	32
Written off	(171)	–
Net exchange differences	(4)	19
At 31 December	156	276
Net carrying amount		
At 31 December	225	196

The net carrying amount of the Company's property, plant and equipment as at 1 January 2017 amounted to US\$9,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. MINING PROPERTIES

	Mines under construction US\$'000	Producing mines US\$'000	Stripping activity US\$'000	Total US\$'000
Cost				
At 1 January 2017	46,298	40,701	88,436	175,435
Additions	25	1,253	1,821	3,099
Net exchange differences	(17)	(321)	25	(313)
At 31 December 2017 and 1 January 2018	46,306	41,633	90,282	178,221
Additions	78	10	826	914
Acquisition of subsidiaries	–	142,229	728	142,957
Reclassification	(36,997)	36,997	–	–
Transfer to producing mines	(209)	209	–	–
Net exchange differences	(148)	(190)	(2)	(340)
At 31 December 2018	9,030	220,888	91,834	321,752
Accumulated amortisation				
At 1 January 2017	–	34,298	52,301	86,599
Charge for the year	–	786	4,987	5,773
Net exchange differences	–	1	–	1
At 31 December 2017 and 1 January 2018	–	35,085	57,288	92,373
Charge for the year	–	559	958	1,517
Acquisition of subsidiaries	–	207	5	212
Net exchange differences	–	(5)	(3)	(8)
At 31 December 2018	–	35,846	58,248	94,094
Net carrying amount				
At 1 January 2017	46,298	6,403	36,135	88,836
At 31 December 2017	46,306	6,548	32,994	85,848
At 31 December 2018	46,027	148,045	33,586	227,658

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

	Group	
	2018 US\$'000	2017 US\$'000
Charged to profit or loss		
– cost of sales	1,409	5,650
– other operating expenses	108	123
Amortisation expenses for the year	1,517	5,773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. INTANGIBLE ASSETS

Group	Forest concession license	
	2018 US\$'000	2017 US\$'000
Cost:		
At 1 January and 31 December	13,046	13,046
Accumulated amortisation:		
At 1 January	1,347	842
Amortisation	505	505
At 31 December	1,852	1,347
Net carrying amount		
At 31 December	11,194	11,699

As at 1 January 2017, the net carrying amount of the Group's intangible assets amounted to US\$12,204,000.

Forest concession license

Forest concession license was acquired as a result of the Reverse Acquisition. Forest concession license has remaining concession period of 23 (31 December 2017: 24, 1 January 2017: 25) years.

The Group owns forestry concession rights of 265,095 hectares, which includes 14,227 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 third parties, to compensate the Group based on their future mining production. As at balance sheet date, the compensation income was recognised as part of other income in the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. GOODWILL

Group	2018 US\$'000	2017 US\$'000
At 1 January	103,679	103,707
Acquisition of subsidiaries (Note 15)	16,565	–
Impairment loss	(6,505)	–
Exchange differences	–	(28)
At 31 December	113,739	103,679

Impairment testing of goodwill and Forest concession license

Goodwill acquired through business combinations and other intangible assets have been allocated to the following CGUs for impairment testing as follows:

	Forestry and pulp CGU			Coal mining CGUs		
	2018 US\$'000	31.12.2017 US\$'000	1.1.2017 US\$'000	2018 US\$'000	31.12.2017 US\$'000	1.1.2017 US\$'000
Goodwill	91,363	97,868	97,868	22,376	5,811	5,839
Forest concession license	11,194	11,699	12,204	–	–	–

The recoverable amount of the forestry and pulp CGU and coal mining CGUs have been determined based on value-in-use ("VIU") calculation using cash flow projections from financial budgets approved by management covering their concession tenure for forestry and coal mining operations.

Key assumptions used in the value-in-use calculations

	Forestry and pulp CGU			Coal mining CGUs		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	US\$38 –	US\$37 –	US\$36 –	US\$37 –	US\$32 –	US\$34 –
	US\$96	US\$150	US\$139	US\$63	US\$80	US\$54
Projected logs/coal prices	/m ³	/m ³	/m ³	/tonne	/tonne	/tonne
Discount rate	13%	10%	10%	11.5%	8%	9%

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. For forestry and pulp CGU, the Group has identified that a reasonably possible change in the discount rate of 50 basis point would result in an additional impairment loss of US\$7.4 million (2017: nil). For coal mining CGUs, the Group believes that any reasonable possible change in the key assumptions is not likely to materially cause the recoverable amount to be lower than its carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. INVESTMENT IN SUBSIDIARIES

Company	2018 US\$'000	31.12.2017 US\$'000	1.1.2017 US\$'000
Shares, at cost	1,384,450	1,404,059	1,299,159
Impairment loss	(65,046)	(66,446)	(96,086)
	1,319,404	1,337,613	1,203,073

As at 31 December 2018, certain investment in subsidiaries were tested for impairment 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.

An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amounts. 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 or forest concession tenure. The value-in-use is measured by management and no impairment loss is required to be recognised during the year (31 December 2017: reversal of impairment US\$36,185,000, 1 January 2017: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Composition of the Group

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal business activities	Proportion (%) of ownership interest		
			2018	31.12.2017	1.1.2017
<u>Held by the Company</u>					
Anrof Singapore Limited ⁽²⁾	Mauritius	Investment holding	100.0000	100.0000	100.0000
Poh Lian (Cambodia), Ltd ⁽³⁾	Cambodia	Dormant	100.0000	100.0000	100.0000
Able Advance Limited ⁽³⁾	British Virgin Islands	Dormant	100.0000	100.0000	100.0000
PT Golden Energy Mines Tbk ⁽²⁾⁽⁷⁾	Indonesia	Investment holding	66.9998	66.9998	66.9998
GEAR Trading Enterprise Pte Ltd ⁽¹⁾	Singapore	General commodities trading	100.0000	–	–
GEAR Innovation Network Pte Ltd ⁽³⁾	Singapore	R&D on engineering, software & programming for coal mining industry	100.0000	–	–
Golden Investments (Australia) Pte Ltd ⁽³⁾	Singapore	Investment holding	51.0000	–	–
PT Marga Buana Bumi Mulia ⁽⁵⁾	Indonesia	Dormant	100.0000	100.0000	100.0000
<u>Held through Anrof Singapore Ltd</u>					
PT Hutan Rindang Banua ⁽²⁾	Indonesia	Forestry operation	100.0000	100.0000	100.0000
PT Mangium Anugerah Lestari ⁽⁵⁾	Indonesia	Dormant	99.9976	99.9976	99.9976
Pacificwood Investment Ltd ⁽²⁾	Mauritius	Investment holding and trading	100.0000	100.0000	100.0000
Shinning Spring Resources Limited ⁽³⁾	British Virgin Islands	Investment holding	100.0000	100.0000	100.0000
<u>Held through PT Golden Energy Mines Tbk</u>					
PT Roundhill Capital Indonesia ⁽²⁾	Indonesia	Holding company and trading	99.0158	99.0158	99.0158
PT Kuansing Inti Makmur ⁽²⁾	Indonesia	Coal mining	99.9998	99.9998	99.9998

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Composition of the Group (Continued)

Name	Country of incorporation	Principal business activities	Proportion (%) of ownership interest		
			2018	31.12.2017	1.1.2017
Held through PT Golden Energy Mines Tbk (Continued)					
PT Trisula Kencana Sakti ⁽²⁾	Indonesia	Coal mining	70.0000	70.0000	70.0000
GEMS Trading Resources Pte Ltd ⁽¹⁾	Singapore	Trading	100.0000	100.0000	100.0000
PT Karya Mining Solution ⁽³⁾	Indonesia	Trading	99.9999	99.9999	99.9999
PT Borneo Indobara ⁽²⁾	Indonesia	Coal mining	98.0951	98.0951	98.0951
PT Karya Cemerlang Persada ⁽²⁾	Indonesia	Coal mining	99.9998	99.9998	99.9998
PT Bungo Bara Utama ⁽²⁾	Indonesia	Coal mining	99.9998	99.9998	99.9998
PT Bara Harmonis Batang Asam ⁽²⁾	Indonesia	Coal mining	99.9998	99.9998	99.9998
PT Berkat Nusantara Permai ⁽²⁾	Indonesia	Coal mining	99.9998	99.9998	99.9998
PT Tanjung Belit Bara Utama ⁽²⁾	Indonesia	Coal mining	99.9998	99.9998	99.9998
PT GEMS Energy Indonesia ⁽⁴⁾	Indonesia	Trading	99.9902	99.9902	99.9902
Shanghai Jingguang Energy Co. Ltd ^{(4) (8)}	People’s Republic of China	Coal trading	–	100.0000	100.0000
PT Era Mitra Selaras ⁽²⁾	Indonesia	Holding company	100.0000	100.0000	100.0000
PT Wahana Rimba Lestari ⁽²⁾	Indonesia	Coal mining	100.0000	100.0000	100.0000
PT Berkat Satria Abadi ⁽²⁾	Indonesia	Coal mining	100.0000	100.0000	100.0000
PT Kuansing Inti Sejahtera ⁽⁴⁾	Indonesia	Coal mining	100.0000	100.0000	–
PT Bungo Bara Makmur ⁽⁴⁾	Indonesia	Coal mining	100.0000	100.0000	–
PT Dwikarya Sejati Utama ⁽⁶⁾	Indonesia	Management consulting	100.0000	–	–
PT Duta Sarana Internusa ⁽⁶⁾	Indonesia	Management consulting	100.0000	–	–
PT Barasentosa Lestari ⁽⁶⁾	Indonesia	Coal mining & trading	100.0000	–	–
PT Unsoco ⁽⁶⁾	Indonesia	Management consulting	100.0000	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Composition of the Group (Continued)

- (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, Nurdyaman, Mulyadi, Tjahjo & Rekan
- (6) Audited by KAP Gani Sigirot & Handayani
- (7) The shares were pledged to secure loans and borrowings (Note 23)
- (8) Deregistered on 10 August 2018

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

The Group has the following subsidiary that has 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	Accumulated NCI at the end of reporting period US\$'000	Dividends paid to NCI US\$'000
2018					
PT Golden Energy Mines Tbk	Indonesia	33.0002%	34,373	1,211	39,937

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(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

	2018 US\$'000	31.12.2017 US\$'000	1.1.2017 US\$'000
Current			
Assets	327,576	414,783	203,412
Liabilities	(248,222)	(246,554)	(53,894)
Net current assets	79,354	168,229	149,518
Non-current			
Assets	373,470	175,687	173,496
Liabilities	(137,011)	(51,697)	(58,857)
Net non-current assets	236,459	123,990	114,639
Net assets	315,813	292,219	264,157

Summarised statement of comprehensive income

	2018 US\$'000	2017 US\$'000
Revenue	1,045,058	759,448
Profit before tax	135,531	167,308
Income tax expense	(34,982)	(47,202)
Profit after tax	100,549	120,106
Other comprehensive income	(61)	(989)
Total comprehensive income	100,488	119,117

Other summarised information

Cash flows generated from operating activities	79,635	157,717
Acquisition of significant property, plant and equipment	(17,638)	(9,522)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Acquisition of subsidiaries

Acquisition of PT Dwikarya Sejati Utama and its subsidiaries, and PT Unsoco (collectively "BSL")

On 31 August 2018, the Group's 66.9998% subsidiary company, PT Golden Energy Mines Tbk ("GEMS") acquired 100% share ownership in PT Dwikarya Sejati Utama and its subsidiaries, and PT Unsoco (collectively "BSL").

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

	Fair value recognised on acquisition US\$'000
Mining properties	142,957
Inventories	3,357
Trade and other receivables	1,796
Other non-current assets	13,497
Cash and cash equivalents	774
Deferred tax assets	32
Property, plant and equipment	5,352
Other payables and accruals	(46,803)
Loan payable	(32,000)
Tax payable	(32)
Advances from customers	(23,845)
Deferred tax liabilities	(16,012)
Total identifiable net assets at fair value	49,073
Goodwill arising from acquisition	16,565
Total consideration transferred in cash	65,638

Effect of the acquisition of BSL on cash flow

Consideration settled in cash	65,638
Less: Cash and cash equivalents of subsidiary acquired	(774)
Net cash outflow on acquisition	64,864

Impact of the acquisition on profit or loss

From the Completion date up to the end of current year, acquisition of BSL has contributed US\$1,189,000 of loss, net of tax to the Group's profit for the year. Had the acquisition taken place at the beginning of the year, the Group's profit net of tax for the year would have been US\$474,000 lower, and the Group's profit net of tax for the year would have amounted to US\$73,206,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16. DEFERRED TAX

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

	Group			Company				
	Consolidated balance sheets			Consolidated comprehensive income		Balance sheets		
	2018	31.12.2017	1.1.2017	2018	2017	2018	31.12.2017	1.1.2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Deferred tax assets:								
Unutilised tax losses	3,917	2,818	4,830	1,296	(2,303)	–	–	–
Stripping activity asset	769	775	776	–	(1)	–	–	–
Post-employment benefits liability	690	627	684	143	(57)	–	–	–
Provision for mine closure	527	433	419	97	15	–	–	–
Others	120	14	297	111	(285)	–	–	–
	<u>6,023</u>	<u>4,667</u>	<u>7,006</u>			<u>–</u>	<u>–</u>	<u>–</u>
Deferred tax liabilities:								
Mining properties from business combinations	(26,822)	(10,836)	(10,895)	26	31	–	–	–
Biological assets	12	11	(20)	–	31	–	–	–
Fair value adjustments	(2,540)	(1,989)	(2,074)	(551)	86	–	–	–
Others	(191)	(193)	(95)	–	(103)	(100)	(103)	(95)
	<u>(29,541)</u>	<u>(13,007)</u>	<u>(13,084)</u>	<u>1,122</u>	<u>(2,586)</u>	<u>(100)</u>	<u>(103)</u>	<u>(95)</u>

Unutilised tax losses

At the end of reporting year, the Group has no tax losses (31 December 2017: US\$15,501,000, 1 January 2017: US\$6,309,000) for which no deferred tax asset is recognised due to uncertainty of its recoverability. These tax losses are available to offset future taxable income generated by the Group's subsidiaries over a maximum 5 year period allowed under Indonesian tax regulation and subject to the approval by the Indonesia tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. DEFERRED TAX (CONTINUED)

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting year, no deferred tax liability (31 December 2017: Nil, 1 January 2017: Nil) has been recognised for taxes that would potentially be payable on the undistributed earnings of the certain Group's subsidiaries if these were to be distributed in the future, as the Group has determined that undistributed earnings of its subsidiaries from prior years will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to US\$63,319,000 (31 December 2017: US\$48,062,000, 1 January 2017: US\$29,540,000). The deferred tax liability is estimated to be US\$6,332,000 (31 December 2017: US\$4,806,000, 1 January 2017: US\$2,954,000).

17. TRADE AND OTHER RECEIVABLES

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Current						
Trade receivables						
– Related parties	17,886	30,415	7,383	–	–	–
– Third parties	87,073	69,454	37,717	–	125	127
Amount due from subsidiaries	–	–	–	397	1,038	1,510
Other receivables	19,930	33,867	33,946	10,248	36,290	77
	124,889	133,736	79,046	10,645	37,453	1,714
Non-current						
Other receivables						
– Related parties	100	96	84	–	–	–
– Third parties	65	108	174	–	–	–
Amount due from subsidiaries	–	–	–	4,083	2,063	217
	165	204	258	4,083	2,063	217
Total trade and other receivables	125,054	133,940	79,304	14,728	39,516	1,931
<u>Add:</u>						
Cash and cash equivalents (Note 21)	113,113	188,701	79,076	26,325	13,579	20,354
Deposits (Note 18)	1,404	1,764	1,958	64	68	58
Total financial assets carried at amortised cost	239,571	324,405	160,338	41,117	53,163	22,343

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
IDR	64,546	41,392	38,007	2,566	1,419	–
USD	–	–	–	376	126	–

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.

The trade receivables of certain subsidiaries are used as fiduciary collateral to guarantee the payment of Omnibus Trade Non Cash Backed loan facility from PT Bank Danamon Indonesia Tbk and collateral as loan from PT Bank Mandiri (Persero) Tbk and ICICI Bank Limited (Note 23).

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

Amount due from subsidiaries (non-current) are non-trade related, unsecured, non-interest bearing (except for a subsidiary) and not expected to be repaid within the next twelve months. The impairment loss on amounts due from subsidiaries were recorded in the previous year as the subsidiaries had been persistently making losses and were in net liability positions.

Included in other receivables is a US\$16,580,000 (31 December 2017: US\$31,579,000, 1 January 2017: US\$31,579,000) loan granted to Asia Coal Energy Ventures Limited ("ACEV") by the Group. During the year, ACEV repaid US\$14,999,000. The loan bears interest 7.5% + LIBOR per annum which are receivable on a quarterly basis. The principal amount is due to be settled from 16 February 2020 to 16 August 2021. The loan is secured by a share charge over 10.0% of the entire issued shares in ACEV. Previously, the Group had been provided an option to exchange all or part of the outstanding amount of the loan for the shares in ACEV.

Trade receivables that are past due but not impaired

The Group has trade receivables amounted to US\$12,095,000 as at 31 December 2017 (1 January 2017: US\$18,954,000) that are past due at the balance sheet date but not impaired as follows:

	31.12.2017	1.1.2017
	US\$'000	US\$'000
Trade receivables past due:		
1 to 60 days	6,343	10,993
61 to 90 days	4,129	3,743
More than 90 days	1,623	4,218
	12,095	18,954

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

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	
	31.12.2017	1.1.2017
	US\$'000	US\$'000
Trade receivables – nominal amount	98	98
Less: Allowance for impairment	(98)	(98)
	–	–

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.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	2018
	US\$'000
Movement in allowance accounts:	
At 1 January 2018	98
Written off	(10)
At 31 December 2018	88

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. OTHER CURRENT AND NON-CURRENT ASSETS

	Group			Company		
	2018 US\$'000	31.12.2017 US\$'000	1.1.2017 US\$'000	2018 US\$'000	31.12.2017 US\$'000	1.1.2017 US\$'000
Current						
Advances ⁽¹⁾	138,718	89,803	58,403	33,915	–	–
Prepayments	980	1,312	538	53	60	33
Deposits	177	376	1,013	64	68	58
	139,875	91,491	59,954	34,032	128	91
Non-current						
Land exploitation	29,195	14,987	13,251	–	–	–
Deposits ⁽²⁾	8,879	5,378	5,323	–	–	–
Prepayments ⁽³⁾	743	782	822	–	–	–
Advances	667	696	723	–	–	–
Software	105	197	276	–	–	–
Others ⁽⁴⁾	6,685	1,099	3,153	3,784	–	–
	46,274	23,139	23,548	3,784	–	–

(1) Advances consist mainly of advance paid to suppliers for the purchase of coal.

(2) Deposits mainly consist deposits paid to third parties to secure reclamation guarantee and mining services in connection with the Group's mining activities. A portion of the deposits of US\$1,227,000 (31 December 2017: US\$1,388,000, 1 January 2017: US\$945,000) are refundable as at 31 December 2018.

(3) Prepayments mainly consist of prepayments of rental for building.

(4) Others mainly consist of deferred expenses and estimated claim for tax refund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. OTHER CURRENT AND NON-CURRENT ASSETS (CONTINUED)

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

Group	Software		Land exploitation	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
Cost:				
At beginning of the year	2,169	2,104	26,036	21,796
Addition	196	65	4,327	4,240
Acquisition of subsidiaries	5	–	10,498	–
Exchange difference	–	–	(18)	–
At end of the year	2,370	2,169	40,843	26,036
Accumulated amortisation:				
At beginning of the year	1,972	1,828	11,049	8,545
Amortisation	293	144	1,303	2,504
Exchange difference	–	–	(704)	–
At end of the year	2,265	1,972	11,648	11,049
Net carrying amount				
At 31 December	105	197	29,195	14,987

The net carrying amount of software and land exploitation as at 1 January 2017 were US\$276,000 and US\$13,251,000 respectively.

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

	2018 US\$'000	Group 31.12.2017 US\$'000	1.1.2017 US\$'000
IDR	65,139	39,646	21,844

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19. INVENTORIES

	2018 US\$'000	Group 31.12.2017 US\$'000	1.1.2017 US\$'000
Balance sheets:			
Coal	18,701	14,486	7,366
Coal in transit	10	747	518
Spare parts	225	262	188
Others	709	640	565
Total inventories at lower of cost and net realisable value	19,645	16,135	8,637

	Group 2018 US\$'000	2017 US\$'000
Consolidated Statement of Comprehensive Income:		
Inventories recognised as an expense in cost of sales	96,024	101,995
Inventories written down	-	56

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 a bank (Note 23).

As at 31 December 2018, the coal inventory at our Group's port and concession mine are insured by a related party, PT Asuransi Sinarmas and third parties insurance companies, for a total of US\$16,655,000 (2017: US\$13,482,000, 1.1.2017: US\$11,127,000). Management believes that the inventory is adequately insured to cover the risk of loss and damage.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. INVESTMENT SECURITIES

Financial instruments as at 31 December 2018

	Group 2018 US\$'000	Company 2018 US\$'000
At fair value through profit or loss		
– Other securities	2,000	2,000
At fair value through other comprehensive income		
– Equity securities (quoted)	57,673	57,673
– Equity securities (unquoted)	30	–
	57,703	57,673
Net carrying amount		
Current	2,000	2,000
Non-current	57,703	57,673

The Group has elected to measure these equity instruments at FVOCI due to the Group's intention to hold these equity instruments for long-term strategic purpose.

Financial instruments as at 31 December 2017 and 1 January 2017

	Group		Company	
	31.12.2017 US\$'000	1.1.2017 US\$'000	31.12.2017 US\$'000	1.1.2017 US\$'000
Current				
Held for trading investment				
– Money market fund	1,023	–	1,023	–
Non-current				
Available-for-sale financial assets				
– Equity securities (quoted)	23,310	–	23,310	–
– Equity securities (unquoted)	30	14	–	–
	23,340	14	23,310	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. CASH AND CASH EQUIVALENTS

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cash on hand	133	112	153	2	1	–
Cash at banks	76,997	179,837	65,636	3,862	13,076	20,354
Short-term deposits	35,983	8,752	13,287	22,461	502	–
	113,113	188,701	79,076	26,325	13,579	20,354

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

IDR	7,451	77,750	42,651	13	4	6
AUD	553	–	–	553	–	–

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 interest at the respective short-term deposit rates. The effective interest rates as at 31 December for the Group were as follows:

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	%	%	%	%	%	%
IDR	–	6.75%	6.75% to 8.00%	–	–	–
USD	1.00% to 2.86%	1.00% to 1.51%	0.20% to 1.25%	1.25% to 2.86%	1.21% to 1.51%	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22. TRADE AND OTHER PAYABLES

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Current						
Trade payables: ⁽¹⁾						
– Related parties	854	567	1,513	–	–	–
– Third parties	148,358	108,363	34,049	–	–	–
Other payables:						
– Dividend payable ⁽²⁾	4,418	17,712	–	–	–	–
– Related parties	405	9	9	–	–	–
– Subsidiaries ⁽³⁾	–	–	–	1,041	1,041	1,796
– Third parties ⁽⁴⁾	9,339	3,038	2,915	–	–	–
Accrued expenses ⁽⁵⁾	28,115	22,126	9,281	5,352	334	256
Non-trade payables ⁽⁴⁾	9,375	8,443	11,891	1,107	5,878	8,803
Advances received ⁽⁶⁾	2,041	1,115	1,915	–	–	–
Others	329	630	412	6	263	315
	203,234	162,003	61,985	7,506	7,516	11,170
Non-current						
Guarantee deposits	214	123	112	–	–	–
Other payables – related parties ⁽⁷⁾	33,821	–	–	–	–	–
Total trade and other payables	237,269	162,126	62,097	7,506	7,516	11,170
Less: Advances received	(2,041)	(1,115)	(1,915)	–	–	–
Add: Loans and borrowings (Note 23)	269,027	94,983	49,658	148,199	30,000	–
Total financial liabilities carried at amortised costs	504,255	255,994	109,840	155,705	37,516	11,170

(1) Trade payables are non-interest bearing and normally settled on 30 to 120 days' terms.

(2) Dividend payable to non-controlling interests

(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.

(5) Accrued expenses from third parties relate to bond interest, professional fees, rental and royalty.

(6) Advances received from third parties relate to plywood, logs and coal sales.

(7) Other payables to related parties are non-interest bearing and repayable on the agreed term for working capital purpose.

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22. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables denominated in foreign currencies as at year ended are as follows:

	Group			Company		
	2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
IDR	133,064	97,825	30,130	13	–	–
AUD	273	–	–	273	–	–

23. LOANS AND BORROWINGS

		Group			Company		
		2018	31.12.2017	1.1.2017	2018	31.12.2017	1.1.2017
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		Maturity					
Current:							
5.5% p.a fixed rate USD							
bank loan	2019	1,983	506	2,270	–	–	–
6% p.a fixed rate USD							
bank loan	2019	35,000	20,000	–	–	–	–
6.5% p.a fixed rate USD							
bank loan	2019	5,184	4,703	–	–	–	–
6.07% p.a + 6 months							
LIBOR USD bank loan	2019	4,000	–	–	–	–	–
		46,167	25,209	2,270	–	–	–
Non-Current:							
6.5% p.a fixed rate USD							
bank loan	2019 – 2024	46,661	39,774	–	–	–	–
9.5% p.a fixed rate USD							
bank loan	2025	–	–	47,388	–	–	–
7% p.a + 6 months LIBOR							
USD bank loan	2019 – 2020	–	30,000	–	–	30,000	–
6.07% p.a + 6 months							
LIBOR USD bank loan	2019 – 2023	28,000	–	–	–	–	–
9.0% p.a Senior Secured							
Notes	2023	148,199	–	–	148,199	–	–
		222,860	69,774	47,388	148,199	30,000	–
Total loans and							
borrowings		269,027	94,983	49,658	148,199	30,000	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. LOANS AND BORROWINGS (CONTINUED)

5.5% p.a fixed rate USD bank loan

This loan has been drawn down under Omnibus Trade Non Cash Backed loan facility which is used as Open Account Financing ("OAF"). The repayment period for this facility is maximum 90 days.

This loan facility is secured by trade receivable balances and/or inventories of US\$11,000,000 and margin deposit of US\$1,750,000.

6% p.a fixed rate USD bank loan

This loan is secured by trade receivables, property and equipment of the Group and pledge of a subsidiary's shares. GEMS Group is required to comply with certain covenants relating to its Articles of Association, the nature of the business, dividends, corporate actions, financing activities and other matters.

6.5% p.a fixed rate USD bank loan

This loan is secured by trade receivables, property and equipment of the Group and pledge of a subsidiary's shares and is repayable on quarterly instalments due on 23 December 2024. The loan includes financial covenants which requires GEMS Group to maintain a debt to equity ratio not exceeding 150%, and a minimum current ratio of 150%.

7% p.a + 6 months LIBOR USD bank loan

This loan is secured by pledge of a subsidiary's shares, interest reserve account and certain collateral accounts and is repayable in four instalments commencing 30 May 2019 to 30 November 2020. The loan includes financial covenants which requires the Group to maintain a minimum debt service cover ratio of 1.4, net debt cover ratio not exceeding 2.5, and the total debt of the Group shall not exceed US\$300,000,000. On 15 February 2018, the Company has fully paid the outstanding loan.

6.07% p.a + 6 months LIBOR USD bank loan

The loan includes financial covenants which requires GEMS Group to maintain a tangible net worth of at least US\$250,000,000 and debt to tangible net worth ratio not more than 3.0.

9.0% p.a Senior Secured Notes

The Notes are secured by pledge of a subsidiary's shares and an interest reserve account. The Notes include financial covenants that restricts the Group amongst other things to incur additional indebtedness and declare dividends subject to certain conditions and financial ratios.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. LOANS AND BORROWINGS (CONTINUED)

A reconciliation of liabilities arising from financing activities is as follows:

	1.1.2018	Cash Inflows	Cash	Non-cash	31.12.2018
	US\$'000	US\$'000	outflows	changes	US\$'000
			US\$'000	Others*	
				US\$'000	
Loans and borrowings					
– current	25,209	74,231	(57,670)	4,397	46,167
– non-current	69,774	180,980	(53,133)	25,239	222,860
	<u>94,983</u>	<u>255,211</u>	<u>(110,803)</u>	<u>29,636</u>	<u>269,027</u>

	1.1.2017	Cash Inflows	Cash	Non-cash	31.12.2017
	US\$'000	US\$'000	outflows	changes	US\$'000
			US\$'000	Others*	
				US\$'000	
Loans and borrowings					
– current	2,270	70,974	(51,737)	3,702	25,209
– non-current	47,388	78,166	(51,640)	(4,140)	69,774
	<u>49,658</u>	<u>149,140</u>	<u>(103,377)</u>	<u>(438)</u>	<u>94,983</u>

* Others pertains to reclassification of non-current portion of loans and borrowings and amortisation of transaction costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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:

	2018	Group 31.12.2017	1.1.2017
Normal retirement age	55 years	55 years	55 years
Salary increment rate per annum	7.00%	7.00%	7.00%
Discount rate per annum	8.25%	7.00%	8.00%
Mortality rate *	TMI 2011	TMI 2011	TMI 2011
Disability level	10.0% of TMI 2011	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	10.0% up to age 25 reducing linearly to 1.0% at age 45 and thereafter

* Standard Ordinary Mortality table in Indonesia ("TMI").

The amount recognised in the balance sheets is determined as follows:

	Group 2018 US\$'000	2017 US\$'000
Present value of defined benefit obligations and total post-employment benefits	2,979	2,837
Movements in the account are as follows:		
At 1 January	2,837	2,338
Remeasurement recognised in other comprehensive income	(217)	293
Post-employment benefits expenses recognised in profit or loss	529	462
Transferred liability for transferred employees	262	(284)
Exchange difference	(432)	28
At 31 December	2,979	2,837

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. POST-EMPLOYMENT BENEFITS (CONTINUED)

The components of post-employment benefits expense recognised in profit or loss:

	Group	
	2018 US\$'000	2017 US\$'000
Current service cost	481	344
Interest cost on defined benefit obligations	176	168
Employment benefit directly paid during the year	(128)	(50)
Post-employment benefits expense	529	462

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	
	2018 US\$'000	2017 US\$'000
Before tax	217	(293)
Tax charge	(54)	366
After tax	163	73

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		
	2018 US\$'000	31.12.2017 US\$'000	1.1.2017 US\$'000	2018 US\$'000	31.12.2017 US\$'000	1.1.2017 US\$'000
As reported using discount rate stated above	2,979	2,837	2,338	529	423	495
Increase by 100 basis points	2,716	2,467	2,309	768	614	589
Decrease by 100 basis points	3,292	3,038	2,509	768	614	589

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25. PROVISION FOR MINE CLOSURE

Provision for mining closure is for restoration and rehabilitation of mining areas.

	Group	
	2018 US\$'000	2017 US\$'000
At 1 January	1,721	1,676
Charged to profit or loss	275	45
At 31 December	1,996	1,721

26. SHARE CAPITAL

	Group		Company	
	Number of shares '000	US\$'000	Number of shares '000	US\$'000
Issued and fully paid:				
At 1 January 2017	2,353,100	316,253	2,353,100	1,631,352
Capital reduction	–	(10,725)	–	(401,245)
At 31 December 2017 and 31 December 2018	2,353,100	305,528	2,353,100	1,230,107

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.

Capital reduction

On 31 October 2017, the Company obtained approval from the shareholders to carry out a capital reduction exercise to write off accumulated losses of the Company up to 31 December 2015 amounting to US\$401,245,000. The capital reduction was completed on 13 December 2017, and the issued share capital of the Company decreased from US\$1,631,352,000 to US\$1,230,107,000 accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

	2018 US\$'000	Group 31.12.2017 US\$'000	1.1.2017 US\$'000
Minimum lease payments under operating leases recognised as an expense in the financial year	4,325	4,348	2,952
Future minimum lease payments for all leases with initial or remaining terms of one year or more are as follows:			
Within one year	2,408	1,760	1,674
After one year but not more than five years	1,474	1,046	1,216
	3,882	2,806	2,890

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:

	2018 US\$'000	Group 2017 US\$'000
Sales to related parties	255,687	203,896
Interest income from related parties	7	11
Purchases paid to related parties	(386)	(70)
Rental expenses paid to related parties	(756)	(906)
Repair & maintenance paid to related parties	(1,030)	(1,040)
Insurance expenses paid to related parties	(5,090)	(3,544)
Telecommunication expenses paid to related parties	(27)	–

Related parties are subsidiaries and associated companies of Sinarmas Group and other related parties, excluding entities within the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Compensation of key management personnel

	Group	
	2018 US\$'000	2017 US\$'000
Short-term employee benefits	6,487	4,800
Central Provident Fund contributions	97	38
Other short-term benefits	241	469
	6,825	5,307
Comprises amounts paid and payable to:		
– directors of the Company	4,091	2,258
– other key management personnel	2,734	3,049
	6,825	5,307

Included in the compensation paid or payable to key management personnel are contributions to defined contribution plan amounted to US\$97,000 (2017: US\$38,000).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(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 inputs other than quoted prices (level 2)	Significant unobservable inputs (Level 3)
	US\$'000	US\$'000	US\$'000
Total	US\$'000		
2018			
Assets			
Non-financial assets			
Biological assets (Note 10)	–	–	3,381
			3,381
Financial assets			
<u>Equity securities at fair value through profit or loss</u>			
Other securities (Note 20)	–	2,000	–
			2,000
<u>Equity securities at FVOCI</u>			
Equity securities			
– Quoted (Note 20)	57,673	–	–
– Unquoted (Note 20)	–	–	30
	<u>57,673</u>	<u>–</u>	<u>30</u>
31 December 2017			
Assets			
Non-financial assets			
Biological assets (Note 10)	–	–	316
			316
Financial assets			
Held for trading Investment (Note 20)	–	1,023	–
Available-for-sale financial assets – quoted equity securities (Note 20)	23,310	–	–
	<u>23,310</u>	<u>–</u>	<u>–</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) Assets and liabilities measured at fair value (Continued)

	Group		
	Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identical instruments (Level 1)	Significant inputs other than quoted prices (level 2)	Significant unobservable inputs (Level 3)
	US\$'000	US\$'000	US\$'000
			Total US\$'000
1 January 2017			
Assets			
Non-financial assets			
Biological assets (Note 10)	—	—	—

There has been no transfer from Level 1 and Level 2 and Level 3 for the financial years ended 31 December 2018 and 2017 respectively.

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.

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 SFRS(I) 13 fair value measurement guidance to perform the valuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) Assets and liabilities measured at fair value (Continued)

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 17), 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) Level 3 fair value measurements

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.

	2018		31.12.2017		1.1.2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets:						
Equity securities at FVOCI						
Available-for-sale financial assets – unquoted equity securities (Note 20)	–	–	30	*	14	*

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 and the Company has 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 (2017: 75) basis points lower/higher with all other variables held constant, the Group's profit after tax would have been approximately US\$1,126,000 (2017: US\$615,000) higher/lower, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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
2018				
Financial assets:				
Trade and other receivables	124,889	165	–	125,054
Cash and bank balances	113,113	–	–	113,113
Other current assets	177	–	–	177
Other non-current assets	–	1,227	–	1,227
Total undiscounted financial assets	238,179	1,392	–	239,571
Financial liabilities:				
Trade and other payables	201,193	214	–	201,407
Loans and borrowings	63,560	279,437	7,523	350,520
Total undiscounted financial liabilities	264,753	279,651	7,523	551,927
Total net undiscounted financial assets/ (liabilities)	(26,574)	(278,259)	(7,523)	(312,356)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

	Group			
	1 year or less US\$'000	2 to 5 years US\$'000	More than 5 years US\$'000	Total US\$'000
2017				
Financial assets:				
Trade and other receivables	133,736	204	–	133,940
Cash and bank balances	188,701	–	–	188,701
Other current assets	376	–	–	376
Other non-current assets	–	1,388	–	1,388
Total undiscounted financial assets	322,813	1,592	–	324,405
Financial liabilities:				
Trade and other payables	160,888	123	–	161,011
Loans and borrowings	33,121	89,852	15,522	138,495
Total undiscounted financial liabilities	194,009	89,975	15,522	299,506
Total net undiscounted financial assets/ (liabilities)	128,804	(88,383)	(15,522)	24,899
1.1.2017				
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

	1 year or less US\$'000	Company 2 to 5 years US\$'000	Total US\$'000
2018			
Financial assets:			
Trade and other receivables	10,248	–	10,248
Cash and bank balances	26,325	–	26,325
Other current assets	–	64	64
Amounts due from subsidiaries	–	4,083	4,083
Total undiscounted financial assets	36,573	4,147	40,720
Financial liabilities:			
Trade and other payables	7,506	–	7,506
Loans and borrowings	13,687	192,750	206,437
Total undiscounted financial liabilities	21,193	192,750	213,943
Total net undiscounted financial assets/(liabilities)	15,380	(188,603)	(173,223)
2017			
Financial assets:			
Trade and other receivables	37,453	–	37,453
Cash and bank balances	13,579	–	13,579
Other current assets	–	68	68
Amounts due from subsidiaries	–	2,063	2,063
Total undiscounted financial assets	51,032	2,131	53,163
Financial liabilities:			
Trade and other payables	7,516	–	7,516
Loans and borrowings	2,633	33,725	36,358
Total undiscounted financial liabilities	10,149	33,725	43,874
Total net undiscounted financial assets/(liabilities)	40,883	(31,594)	9,289

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

	1 year or less US\$'000	Company 2 to 5 years US\$'000	Total US\$'000
1.1.2017			
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

(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 minimizing losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties and are generally backed by Letter of credit ("LC"), with a reputable local and international financial institution with high credit ratings.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments when they fall due which are derived based on the Group's historical information.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the counterparty
- A breach of contract, such as a default or past due event
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (Continued)

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on third party credit reports and known market factors. The loss allowance provision as at 31 December 2018 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
31 December 2018					
Gross carrying amount	104,768	68	–	58	104,894
Loss allowance provision	–	–	–	–	–

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (Continued)

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:

	2018		31.12.2017		1.1.2017	
	US\$'000	% of total	US\$'000	% of total	US\$'000	% of total
By country						
Singapore	10,248	6%	36,415	27%	204	0%
Indonesia	157,847	94%	99,290	73%	81,058	100%
Total	<u>168,095</u>		<u>135,705</u>		<u>81,262</u>	
By industry sector						
Coal	157,572	94%	98,177	72%	80,328	99%
Non-coal business	10,523	6%	37,528	28%	934	1%
Total	<u>168,095</u>		<u>135,705</u>		<u>81,262</u>	

As at 31 December 2018, 31 December 2017 and 1 January 2017, 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 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 32% (2017: 30%) 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.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations in countries such as Indonesia and Singapore. 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	
		2018	2017
		US\$'000	US\$'000
IDR/USD	– strengthened 7% (2017: 7%)	223	3,692
	– weakened 7% (2017: 7%)	(256)	(4,248)

(e) Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices arising from changes in market value of coal.

The Group has mitigating controls in place to monitor the trend of coal price, mine plan and performance of coal production in addition to strategic direction and implementation plans.

Sensitivity analysis for commodity price risk

At the balance sheet date, if the coal price had been 5% (2017: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been US\$52,341,000 (2017: US\$37,972,000) lower/higher.

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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 2018 and 2017 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.

	2018 US\$'000	2017 US\$'000
Loans and borrowings	269,027	94,983
Trade and other payables	235,228	161,011
Less: Cash and cash equivalents	(113,113)	(188,701)
Net debts	391,142	67,293
Equity attributable to equity holders of the Company	313,255	345,729
Capital and net debts	704,397	413,022
Gearing ratio	55.53%	16.29%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 disclosed below including the factors used to identify the reportable segments and the measurement basis of segment information.

During the financial year, the management decided to remove the forestry and pulp business as a separate reportable segment as its size of the operations and contributions to the Group's revenues, results and assets are not significant and thus do not warrant separate disclosure. The previously disclosed segmental revenues, results and assets of the forestry and pulp segment have been combined into the other segment for the years ended 31 December 2018 and 2017. Accordingly, the Group is organised into three 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.
- Non-coal Business segment comprises forestry, investment holding company and provision of management services.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32. SEGMENT INFORMATION (CONTINUED)

	Coal Mining		Coal Trading		Non-coal Business		Elimination		Note	Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017		2018	2017
	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	943,203	645,421	103,620	114,027	1,655	4,358	-	-		1,048,478	763,806
Inter segment revenue	622	-	-	114	5	27	(627)	(141)	A	-	-
	943,825	645,421	103,620	114,141	1,660	4,385	(627)	(141)		1,048,478	763,806
Results:											
Segment results	148,872	174,726	191,912	235,535	96,309	118,822	(308,594)	(366,283)	B,C	128,499	162,800
Interest income										10,805	6,790
Finance costs										(24,111)	(11,949)
Profit before tax										115,193	157,641
Income tax expense										(41,513)	(53,206)
Profit for the year										73,680	104,435
Compensation income	-	-	-	-	(1,909)	(1,673)	1,909	-		-	(1,673)
Depreciation expenses	6,142	4,251	328	233	742	627	-	-		7,212	5,111
Amortisation expenses	2,846	8,299	267	121	505	506	-	-		3,618	8,926
Fair value loss on biological assets	-	-	-	-	(2,547)	644	-	-		(2,547)	644
Inventories written down	-	-	-	-	-	56	-	-		-	56
Assets and Liabilities:											
Segment assets	458,776	295,373	443,224	519,862	300,445	228,956	(344,000)	(393,224)	D	858,445	650,967
Segment liabilities	378,714	187,336	119,631	216,803	156,348	4,392	(150,933)	(192,590)	E	503,760	215,941

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32. SEGMENT INFORMATION (CONTINUED)

	Coal Mining US\$'000	Coal Trading US\$'000	Non-coal Business US\$'000	Elimination US\$'000	Note	Consolidated US\$'000
1.1.2017						
Assets and Liabilities:						
Segment assets	199,288	358,348	94,828	(242,300)	D	410,164
Segment liabilities	112,972	86,476	7,514	(103,761)	E	103,201

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 before tax" present in the consolidated statement of comprehensive income:

	Coal Mining US\$'000	Coal Trading US\$'000	Non-coal Business US\$'000	Total US\$'000
2018				
Other income	4,130	5,540	4,110	13,780
Selling and distribution expenses	(149,458)	(1,149)	(697)	(151,304)
Administrative expenses	(56,805)	(9,346)	(10,783)	(76,934)
Other operating (expenses)/income	114	(5,915)	(4,772)	(10,573)
2017				
Other income	1,796	7,251	8,306	17,353
Selling and distribution expenses	(96,842)	(1,361)	(999)	(99,202)
Administrative expenses	(37,049)	(9,036)	(9,025)	(55,110)
Other operating (expenses)/income	(1,702)	160	(7,174)	(8,716)

C Elimination is relating to intra-group transactions which are eliminated on consolidation.

D Goodwill, prepaid taxes and deferred tax assets amounting to US\$113,739,000, US\$515,000 and US\$6,023,000 respectively, were excluded from segment assets.

E Non-trade payables, provision for taxation and deferred tax liabilities amounting to US\$4,125,000, US\$1,747,000 and US\$29,541,000 respectively, were excluded from segment liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32. SEGMENT INFORMATION (CONTINUED)

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		
	2018 US\$'000	2017 US\$'000	2018 US\$'000	31.12.2017 US\$'000	1.1.2017 US\$'000
Indonesia	340,074	226,570	561,087	321,795	295,143
China	418,961	317,523	–	–	–
India	196,118	143,590	–	–	–
South Korea	51,290	53,636	–	–	–
Singapore	–	–	224	196	9
Spain	29,061	13,572	–	–	–
Taiwan	–	6,543	–	–	–
Philippines	–	1,828	–	–	–
Malaysia	–	564	–	–	–
Cambodia	3,201	–	–	–	–
Thailand	4,240	(20)	–	–	–
United Kingdom	5,533	–	–	–	–
	1,048,478	763,806	561,311	321,991	295,152

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% (2017: 6%) or more of the Group's revenue is detailed below:

	Coal Mining		Coal Trading	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
<u>Customer</u>				
Top 1st	143,035	78,295	56,963	5,417
Top 2nd	94,201	75,585	–	–
Top 3rd	64,506	71,787	–	–
Top 4th	57,545	54,201	–	–
Top 5th	48,538	45,609	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. DIVIDENDS

	Group and Company	
	2018	2017
	US\$'000	US\$'000
Declared and paid during the financial year:		
<i>Dividends on ordinary shares:</i>		
– 1st interim dividend for 2018 of S\$0.0139 per share	24,255	–
– Final dividend for 2017 of S\$0.0100 per share	17,451	–
– 1st interim dividend for 2017 of S\$0.0080 per share	–	14,080
– 2nd interim dividend for 2017 of S\$0.0021 per share	–	3,697
	41,706	17,777
Proposed but not recognised as a liability as at 31 December:		
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>		
– Final dividend for 2017 of S\$0.0100 per share	–	17,601

34. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 22 January 2019, the Company made an additional investment in Stanmore Coal Limited ("Stanmore"), representing 5.57% of its equity interest with a total consideration of AU\$13.6 million (Approximately: US\$9.6 million). Subsequent to this, the Company's equity investment in Stanmore increase from 19.9% to 25.47%.

35. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors dated on 1 April 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 14 MARCH 2019

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 and subsidiary holdings as at 14 March 2019.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	2,636	25.05	95,794	0.00
100 – 1,000	3,960	37.63	1,783,101	0.08
1,001 – 10,000	2,825	26.85	11,076,249	0.47
10,001 – 1,000,000	1,080	10.26	59,465,583	2.53
1,000,001 and above	22	0.21	2,280,679,653	96.92
TOTAL	10,523	100.00	2,353,100,380	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	2,078,785,633	88.34
2	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	77,155,100	3.28
3	PHILLIP SECURITIES PTE LTD	26,150,890	1.11
4	RHB SECURITIES SINGAPORE PTE. LTD.	25,174,175	1.07
5	DBS NOMINEES (PRIVATE) LIMITED	17,560,588	0.75
6	HSBC (SINGAPORE) NOMINEES PTE LTD	9,250,034	0.39
7	MS FIRST CAPITAL INSURANCE LIMITED – INSURANCE FUND A/C	6,181,381	0.26
8	OCBC SECURITIES PRIVATE LIMITED	5,434,705	0.23
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,019,629	0.21
10	NG WEE HAN	4,550,000	0.19
11	RAFFLES NOMINEES (PTE) LIMITED	4,288,420	0.18
12	UOB KAY HIAN PRIVATE LIMITED	4,251,505	0.18
13	RHB BANK NOMINEES PTE LTD	3,389,616	0.14
14	SEAH SEOW CHER	2,400,000	0.10
15	TAY CHEW LAN	2,238,000	0.10
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,901,089	0.08
17	TAN WAI SEE	1,434,000	0.06
18	GOH JUI HOO	1,198,300	0.05
19	KUEK KIEN JOO	1,181,600	0.05
20	CHAN CHEE KIN (CHEN ZIJIAN)	1,088,000	0.05
TOTAL		2,278,632,665	96.82

STATISTICS OF SHAREHOLDINGS

AS AT 14 MARCH 2019

SUBSTANTIAL SHAREHOLDERS

(as shown in the Company's Register of Substantial Shareholders as at 14 March 2019)

Substantial Shareholders	Direct Interest		Deemed Interest	
	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:

* The percentage of shareholding above is computed based on the total number of issued voting shares of 2,353,100,380.

- (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 voting shares in PT Sinarindo Gerbangmas.

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 14 March 2019, approximately 13.11% 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 NTUC Centre, No. 1 Marina Boulevard, Level 7, Room 701, One Marina Boulevard, Singapore 018989 on Monday, 29 April 2019 at 3.00 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 2018 together with the Independent Auditor's 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 Irwandy Arif [See Explanatory Note (i)] **(Resolution 2)**
Mr Lim Yu Neng Paul [See Explanatory Note (ii)] **(Resolution 3)**
Mr Mochtar Suhadi [See Explanatory Note (iii)] **(Resolution 4)**
3. To approve the payment of Directors' fees of S\$328,600.00 for the year ending 31 December 2019 (previous year: S\$325,600). **(Resolution 5)**
4. 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 6)**
5. 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 resolutions as Ordinary Resolutions, with or without any modifications:

6. 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

NOTICE OF ANNUAL GENERAL MEETING

- (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 and subsidiary holdings, if any) 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 and subsidiary holdings, if any) 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 and subsidiary holdings, if any) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) 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."

[See Explanatory Note (iv)]

(Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

7. **Proposed Renewal of the Sinar Mas IPT Mandate for Interested Person Transactions**

"That:

- (a) approval be and is hereby given, for the purpose of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of interested person transactions described in the Appendix dated 12 April 2019 (the "**Appendix**") appended to the Annual Report, with any person who falls within the classes of interested persons described in the Appendix, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders and are in accordance with the review procedures for interested person transactions as set out in the Appendix (the "**Sinar Mas IPT Mandate**");
- (b) the Sinar Mas IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next AGM of the Company is held or required by law to be held, whichever is the earlier; and
- (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Sinar Mas IPT Mandate and/or this Resolution."

[See Explanatory Note (v)]

(Resolution 8)

By Order of the Board

Pauline Lee
Chief Financial Officer and Company Secretary

Singapore, 12 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr Irwandy Arif will, upon re-election as a Director of the Company, continue to serve as Independent Director of the Company and will be considered independent. The Board considers his independent for the purposes of Rule 704(8) of the Listing Manual of SGX-ST. Mr Arif does not have any relationships (including immediate family relationships) between himself and the Directors, the Company and its 10% shareholders. The detailed information on Mr Arif as recommended under the Code of Corporate Governance 2012 and as required under Rule 720(6) of the Listing Manual of the SGX-ST can be found in this Annual Report.
- (ii) Mr Lim Yu Neng Paul will, upon re-election as a Director of the Company, continue to serve as Lead Independent Director of the Company. Mr Lim is the Chairman of Audit Committee and member of both the Nominating Committee and Remuneration Committee of the Company. The Board considers his independent for the purposes of Rule 704(8) of the Listing Manual of SGX-ST. Mr Lim does not have any relationships (including immediate family relationships) between himself and the Directors, the Company and its 10% shareholders. The detailed information on Mr Lim as recommended under the Code of Corporate Governance 2012 and as required under Rule 720(6) of the Listing Manual of the SGX-ST can be found in this Annual Report.
- (iii) Mr Mochtar Suhadi will, upon re-election as a Director of the Company, continue to serve as Executive Director of the Company. Mr Suhadi does not have any relationships (including immediate family relationships) between himself and the Directors, the Company and its 10% shareholders. The detailed information on Mr Suhadi as recommended under the Code of Corporate Governance 2012 and as required under Rule 720(6) of the Listing Manual of the SGX-ST can be found in this Annual Report.
- (iv) The Ordinary Resolution 7 in item 6 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 and subsidiary holdings, if any) 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.

- (v) The Ordinary Resolution 8 in item 7 above, if passed, will renew the Sinar Mas IPT Mandate to allow the Company, its subsidiaries and associated companies or any of them, to enter into the interested person transactions as described in the Appendix. This authority will, unless revoked or varied by the Company in a general meeting, expire at 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, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING

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 AGM.
- (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 AGM, 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 AGM (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 20 Cecil Street, #05-05 PLUS, Singapore 049705 not less than seventy-two (72) hours before the time appointed for holding the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member has obtained the prior express consent of such proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) 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. Your or your proxy and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Irwandy Arif, Mr Lim Yu Neng Paul and Mr Mochtar Suhadi are the Directors seeking re-election in the forthcoming annual general meeting of the Company to be convened on 29 April 2019 (“**AGM**”) (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”)

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	Mr Irwandy Arif	Mr Lim Yu Neng Paul	Mr Mochtar Suhadi
Date of Appointment	20 April 2015	3 August 2007	20 April 2015
Date of last re-appointment	28 April 2017	29 April 2016	29 April 2016
Age	67	56	37
Country of principal residence	Indonesia	Singapore	Indonesia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Arif as the Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Arif's qualifications, expertise, past experiences and overall contribution since he was appointed as an Independent Director of the Company.	The re-election of Mr Lim as the Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Lim's qualifications, expertise, past experiences and overall contribution since he was appointed as an Independent Director of the Company.	The re-election of Mr Suhadi as the Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Suhadi's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive and if so, the area of responsibility	No	No	Executive Mr Suhadi is responsible for defining long-term organisation strategic goals, building key customer relationships and identifying business opportunities.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Non-Executive Independent Director	• Lead Independent Director • Chairman of Audit Committee • Member of the Nominating Committee and Remuneration Committee	• Executive Director
Professional qualifications	• Bachelor of Engineering in Mining Engineering and Master of Science in Industrial Engineering, Bandung Institute of Technology • Doctoral Degree, Ecole des Mines de Nancy, France	• Bachelor of Science in Computer Science and Master of Business Administration in Finance, University of Wisconsin, Madison, USA • Chartered Financial Analyst	• Bachelor of Science, University of Michigan

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Irwandy Arif	Mr Lim Yu Neng Paul	Mr Mochtar Suhadi
Working experience and occupation(s) during the past 10 years	1977 to present Lecturer, Institute of Technology Bandung 2003 to 2009 Advisor of Open Pit Mining, PT Gunung Bayan Pratama Coal 2004 to 2009 Independent Commissioner, Chairman of Audit Committee, PT Aneka Tambang Tbk (Persero) 2006 to 2011 Chairman of Internal Commission of Advisory Board, Institute Teknologi Bandung 2007 to 2011 Advisor of Underground Mining, PT Cibaliung Sumber Daya Mineral 2010 to 2011 Independent Commissioner, PT Inco Tbk 2001 to 2012 Advisor of Geotechnical Aspect, PT Freeport Indonesia 2002 to 2012 Advisor of Geotechnical Aspect, PT Berau Coal 2009 to 2012 Independent Commissioner, PT Multi Harapan Utama 2009 to 2014 Chairman of Commission II Advisory Board, Institute Teknologi Bandung	2016 to Present Managing Director, SBI Venture Capital Pte Ltd 2013 to 2015 President Commissioner, PT BNI Securities 2013 to 2014 Advisor, Leafgreen Capital Partners Pte Ltd 2012 to 2013 Managing Director, Leafgreen Capital Partners Pte Ltd 2010 to 2013 Advisor, PT BNI Securities 2010 to 2011 Interim Acting CEO, Hankore Environment Tech Group Limited 2008 to 2010 Consultant, Morgan Stanley Asia (Singapore) Pte Ltd	2018 to present Independent Commissioner, PT Aldiracita Sekuritas Indonesia 2016 to 2018 President Commissioner, PT Era Mitras Selaras 2016 to 2018 President Commissioner, PT Wahana Rimba Lestari 2016 to 2018 President Commissioner, PT Berkat Satria Abadi 2015 to 2018 Commissioner, PT GEMS Energy Indonesia 2011 to 2013 Head of Business Development & Kalimantan Tengah Operations, PT Golden Energy Mines 2009 to 2010 Head of Business Development, PT Kuasing Inti Makmur 2008 to 2009 President Commissioner, PT Citra Alam Indah 2008 to 2009 President Commissioner, PT Nusantara Indah Lestari 2008 to 2009 Commissioner, PT Wahana Alam Lestari 2008 to 2009 Commissioner, PT Citra Alam Cahaya 2008 to 2009 Commissioner, PT Cahaya Nusa Pertama 2008 to 2009 Commissioner, PT Buana Ekapratama

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Irwandy Arif	Mr Lim Yu Neng Paul	Mr Mochtar Suhadi
			• 2008 to 2009 Commissioner, PT Buana Inti Citrapratama • 2008 to 2009 President Commissioner, PT Rimba Subur Lestari • 2008 to 2009 Commissioner, PT Manggala Alam Lestari • 2008 to 2009 Senior Manager of Business Development, PT Kuansing Inti Makmur
Shareholding interest in the listed issuer and its subsidiaries	Nil	320,000 ordinary shares of the Company held in the name of a nominee account	PT Golden Energy Mines Tbk (a 66.9998% owned subsidiary of the Company) – 1,500 shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Irwandy Arif	Mr Lim Yu Neng Paul	Mr Mochtar Suhadi
Other Principal Commitments Including Directorships			
Past (for the last 5 years)	PT Adaro Energy Tbk PT Vale Indonesia Tbk	Intrepid Mines Limited	PT Mutiara Tanjung Lestari PT Golden Energy Mines Tbk PT Trisula Kencana Sakti PT Karya Mining Solutions PT JGC Coal Fuel PT Roundhill Capital Indonesia PT GEMS Energy Indonesia PT Era Mitras Selaras PT Wahana Rimba Lestari PT Berkas Satria Abadi
Present	PT Indexim Coalindo PT Tobabara Sejahtere Tbk PT Golden Energy Mines Tbk Institute Teknologi Bandung	SBI Ven Capital Pte Ltd China Everbright Water Limited Nippecraft Limited	PT Pelayaran Sanditia Perkasa Maritim

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Irwandy Arif	Mr Lim Yu Neng Paul	Mr Mochtar Suhadi
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Irwandy Arif	Mr Lim Yu Neng Paul	Mr Mochtar Suhadi
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Irwandy Arif	Mr Lim Yu Neng Paul	Mr Mochtar Suhadi
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of an issuer listed on the Exchange?	N.A.	N.A.	N.A.
If YES, please provide details of prior experience:			
If NO, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange:			
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable):			

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GOLDEN ENERGY AND RESOURCES LIMITED

(Company Registration No. 199508589E)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

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.

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 Annual General Meeting (the "Meeting") as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Meeting of the Company to be held at NTUC Centre, No. 1 Marina Boulevard, Level 7, Room 701, One Marina Boulevard, Singapore 018989 on Monday, 29 April 2019 at 3.00 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	Adoption of Directors' Statement and Audited Financial Statements for the year ended 31 December 2018 together with the Independent Auditor's Report thereon		
2	Re-election of Mr Irwandy Arif as a Director		
3	Re-election of Mr Lim Yu Neng Paul as a Director		
4	Re-election of Mr Mochtar Suhadi as a Director		
5	Approval of Directors' fees amounting to S\$328,600.00 for the year ending 31 December 2019		
6	Re-appointment of Ernst & Young LLP as Auditor		
	Special Business		
7	Authority to issue new shares		
8	Proposed renewal of the Sinar Mas IPT Mandate for Interested Person Transactions		

* Delete where inapplicable

** If you wish to exercise all your votes "For" or "Against", please tick (v) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2019

	Total number of Shares in:
(a) CDP Register	
(b) Register of Members	



Signature(s) of Shareholder(s)
or, Common Seal of Corporate Shareholder

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) of Singapore), 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 (Chapter 19) of Singapore 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 (Chapter 289) of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, 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 20 Cecil Street, #05-05 PLUS, Singapore 049705 not less than seventy-two (72) 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 12 April 2019.

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 LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No : 199508589E)

20 Cecil Street,

#05-05 PLUS,

Singapore 049705

(65) 6838 7500

(65) 6284 0074

www.gear.com.sg

