Resources Prima Group Limited

Annual Report 2017

OUR VALUES FOR **EXCELLENCE**

PERFORMANCE

QUALITY

SUSTAINABILITY

ACCOUNTABILITY

Contents

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Ms Tay Sim Yee at 1 Robinson Road #21-00 Singapore 048542, telephone (65) 6532 3829.

CORPORATE **PROFILE**

Resources Prima Group Limited ("**Resources Prima**" or the "**Company**", and together with its subsidiaries, the "**Group**") is primarily engaged in the coal business in East Kalimantan, Indonesia.

The Group owns 100% of the issued shares of RPG Trading Pte. Ltd. ("**RPG Trading**"), a coal trading and marketing company and PT Energy Indonesia Resources ("**EIR**"), a coal hauling company.

All coal mining and production operations from its subsidiary, PT Rinjani Kartanegara's ("**Rinjani**") mine site ceased with effect from 23 June 2017 for reasons noted in the chairman's message and as such the operations of RPG Trading and EIR, which were dependent on coal produced by Rinjani, were subsequently suspended.

On 29 June 2017, trading in the shares of the Company was suspended pursuant to Rule 1303 of the Listing Manual Section B: Rules of Catalist as the then board of directors were of the view that the Company was unable to demonstrate that it is able to continue as a going concern and reasonably assess the financial position of the Group.

On 24 August 2017, following an application for suspension of payment filed by certain creditors of Rinjani, the Group lost control of Rinjani. Subsequently, on 9 October 2017 the Commercial Court of Jakarta ruled that the suspension of payment period of 45 days, which is akin to a scheme of arrangement under the Singapore Companies Act, had ended and Rinjani will enter bankruptcy with immediate effect.

EIR recommenced coal hauling operations in October 2017 after entering into a coal hauling service agreement with PT Coalindo Adhi Nusantara ("**CAN**") and has been in operations since.

On 6 August 2018, the Company executed an investment agreement with Mr. Ang Liang Kim, a substantial shareholder of the Company to provide immediate availability of financing to address the Group's current operational requirements. The Board and Management is concurrently working towards submitting a resumption of trading proposal ("**RTP**") to the SGX-ST by 28 September 2018.

CHAIRMAN'S **MESSAGE**

Agus Sugiono
Executive Chairman and CEO

On behalf of Resources Prima, I would like to express my sincere gratitude to all shareholders for your patience and support during the financial year ended 31 December 2017 ("**FY2017**").

A year that held so much promise amid rising coal prices and an anticipated increase in coal quantities ended in tumult and misfortune with the declaration of bankruptcy of the Company's main operating subsidiary, Rinjani on 9 October 2017.

Rinjani Bankruptcy

In summary, Rinjani ceased all coal production with effect from 23 June 2017 following the termination of operations by Rinjani's waste mining contractor due to the Company's inability to make full payment of the current outstanding debt as demanded by Rinjani's waste mining contractor. The inability to make payment arose due to insufficient cash resources as a result of reduced coal production due to heavier than normal rainfall in the second half of 2016 and first half of 2017 and inability of the waste mining contractor to adequately manage the resultant dewatering issues. Following the cessation of all coal production from Rinjani's mine site, the operations of RPG Trading and EIR, which were dependent on coal produced by Rinjani, were also suspended.

On 24 August 2017, the Company lost control over Rinjani following an application of suspension of payment, akin to a scheme of arrangement under the Singapore Companies Act, filed by certain creditors of Rinjani.

Subsequently, following a presentation and verification meeting with creditors on the composition plan prepared by Rinjani (the "**Composition Plan**"), it was confirmed during a court hearing at the Commercial Court Jakarta on 9 October 2017 that the Composition Plan had been rejected by a majority of Rinjani's creditors. As such, the Commercial Court Jakarta ruled that the suspension of payment period had ended and Rinjani will enter bankruptcy with effect from 9 October 2017.

Outlook including Resumption of Trading

As previously announced, EIR recommenced coal hauling operations in October 2017, under a coal hauling service agreement with CAN. Although the quantities hauled have fallen substantially below those provided for in the contract and previously announced, recent events and quantities hauled in May and June provide Management with renewed but cautious optimism that's EIR's profitability and cashflow

CHAIRMAN'S **MESSAGE**

will improve in the coming months, subject to CAN meeting its monthly coal production forecasts. The Management worked and continues to work with CAN to improve the efficiency of the operations as well as commercial viability of the contract in view of the continued lower quantities hauled.

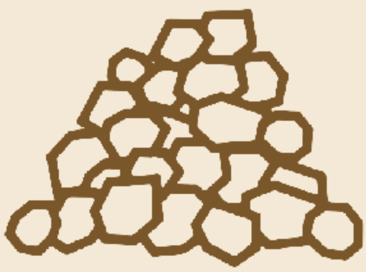
Due to the suspension of trading of the Company's shares with effect from 29 June 2017, the Board and Management have been concurrently working towards submitting a resumption of trading proposal to the SGX before the 12-month deadline of 28 June 2018 which was extended to 28 September 2018. One of the significant results from these efforts is the signing of an Investment Agreement on 6 August 2018 with one of our substantial shareholders, Mr Ang Liang Kim. With the support of Mr. Ang Lim Kim and if the transactions contemplated in the Investment Agreement are smoothly and fully consummated, it will bring significant relief to the Group's cashflows by providing at least an additional $4.0 million in cash.

Following the above events I am confident that the Company will be able to survive this difficult period and emerge stronger.

Note of appreciation

Amidst the challenges of 2017 and those that are ahead of us, the silver lining is the support and assistance we have received from our various stakeholders and our new board members. On behalf of the Board, I would like to express my heartfelt appreciation to our loyal shareholders, sponsor, advisors and service-providers for your continued support to the Company through the years especially during 2017 up to today. I would also like to record my gratitude to my fellow Directors both past and current for stepping into the breach and responding positively to the needs of the Company through what has been and will continue to be a very challenging period. I look forward to your continued support as we work together to turn the Group around.

Agus Sugiono
Executive Chairman and Chief Executive Officer ("**CEO**")



BOARD OF **DIRECTORS**

Agus Sugiono

Executive Chairman of the Board and Chief Executive Officer
Appointed on 12 November 2014

Mr Agus Sugiono is the Executive Chairman of the Board and Chief Executive Officer of the Group. He is responsible for the strategic planning and development of the Group's business, and spearheading the expansion and growth of the Group. From 1994 to 2014, Agus Sugiono served in different positions as either the chief executive officer, chief operating officer, chief financial officer of or advisor to PT Polytama Propindo. He has over 27 years of experience in the oil, gas and petrochemicals industries. Agus Sugiono holds a Bachelor of Science degree in Petroleum Engineering from the University of Texas at Austin and a Master in Business Administration (International Management) from the University of Indonesia. He is also a registered public accountant in Alberta, Canada and a member of the Texas Board of Professional Engineers.

Khoo Song Koon

Lead Independent Director
Appointed on 1 December 2017

Mr Khoo Song Koon is the Lead Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee as well as Nominating Committee of the Company. He is currently the executive director of JKhoo Consultancy Pte Ltd and has over 20 years of professional experience in various corporate advisory work covering *inter alia* corporate restructuring, mergers and acquisitions and dispute resolutions. Mr Khoo started his career with an internationally recognised accounting firm and subsequently a boutique corporate advisory firm. Mr Khoo is currently also the lead independent director and chairman of the audit committee of Nippecraft Limited.

Mr Khoo graduated with a Bachelor of Accountancy degree from Nanyang Technological University of Singapore. He is a member of the Institute of Singapore Chartered Accountants as well as CPA Australia. He is also an associate of the Singapore Institute of Directors.

Chow Wai San

Independent Director
Appointed on 1 December 2017

Mr Chow Wai San is Independent Director, Chairman of the Audit and Risk Management Committee as well as the Nominating Committee and a member of the Remuneration Committee. Currently, Mr Chow is the Managing Director of Aquifer Consulting Pte Ltd, a corporate advisory firm specialising in cross border corporate restructuring and mergers and acquisitions as well as litigation consultancy and support. In his professional career of more than 20 years, he has worked in the Big Four accounting firms as well as a boutique corporate advisory firm. Mr Chow is currently an independent director of Universal Resource Services Limited, K Group Holdings Limited (listed on the Hong Kong Stock Exchange) and Nippecraft Limited.

After graduating from Nanyang Technological University of Singapore with a Bachelor of Accountancy, Mr Chow went on to qualify as a Chartered Financial Analyst of CFA Institute, USA. He is also a member of the Institute of Singapore Chartered Accountants and CPA Australia as well as an associate member of the Singapore Institute of Directors.

KEY **MANAGEMENT**

Nordiansyah Nasrie

Chief Operating Officer
Appointed on 12 November 2014

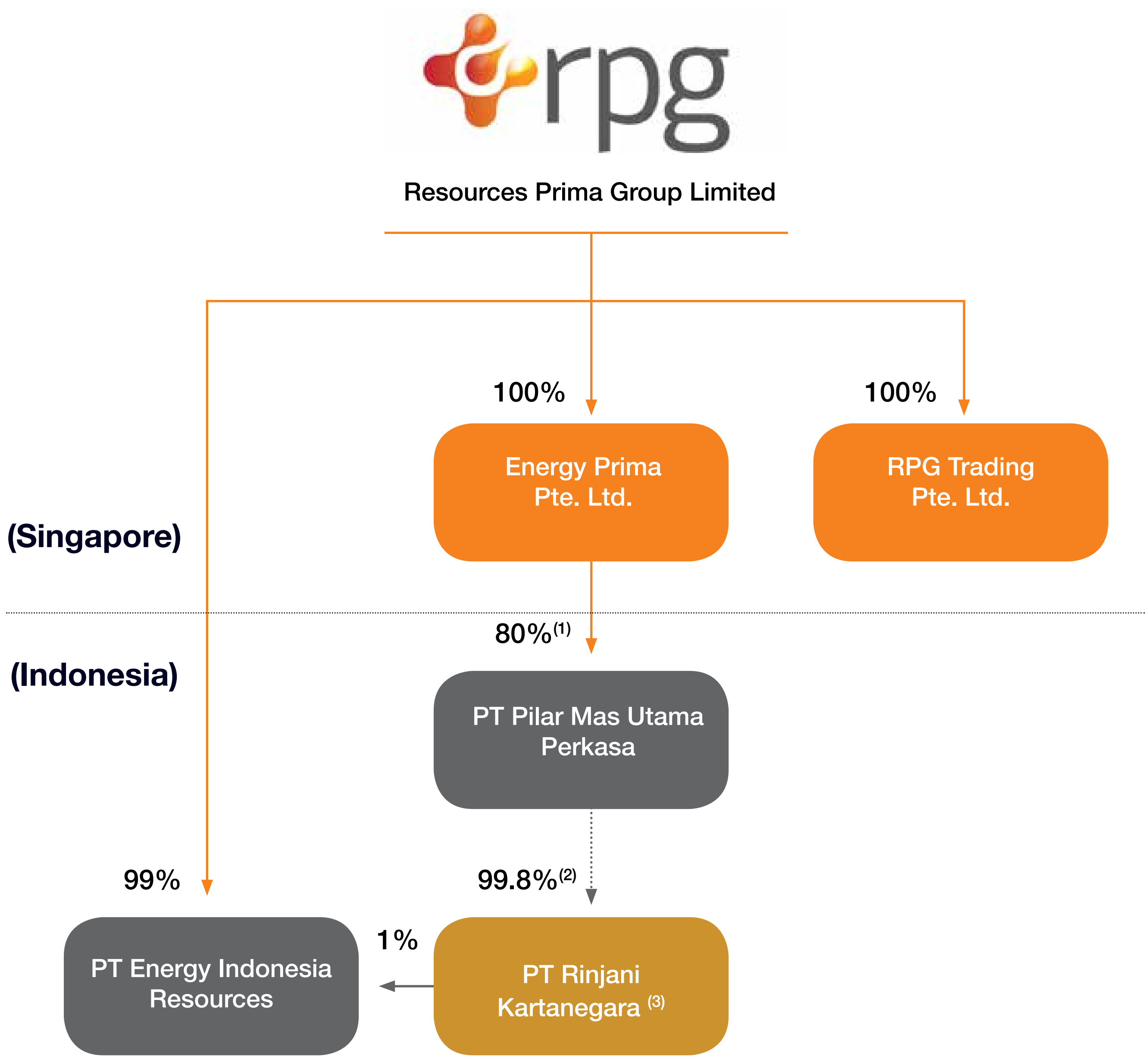
Mr Nordiansyah Nasrie is the Chief Operating Officer of the Group. He is responsible for the overall operations of the Group and ensuring that its operational activities are in accordance with policies, goals and objectives of the Group. He joined the Group as the director of Rinjani, a subsidiary of the Company, in 2008. Prior to joining the Group, Nordiansyah Nasrie was appointed as a director in various energy companies including PT Kutai Etam Petroleum and PT Kutai Energy Resources. He is currently a director of PT Energy Indonesia Resources, PT Faisal Sampurna, PT Kembang Janggut Sawit Sejahtera, PT Muara Kaman Sawit Sejahtera and PT Kota Bangun Sawit Sejahtera. He is also the commissioner of PT Pancaran Berkat Adidaya. Nordiansyah Nasrie graduated with a Diploma of Academy Hotel and Tourism from International College Bandung. Nordiansyah Nasri also graduated with a Magister of Law from University Merdeka Malang.

John Allan Watson

Chief Financial Officer
Appointed on 12 November 2014

Mr John Allan Watson is the Chief Financial Officer of the Group. He is responsible for overseeing the financial and accounting management and reporting of the Group including risk management. From 2005 to 2012, John Allan Watson was the controller of Tuban Petrochemical Industries Group where he was responsible for the accounting and reporting functions. He joined the Group in 2013 and has been a director of PT Pilar Mas Utama Perkasa (a subsidiary of the Company) since June 2014. He has over 35 years of business and financial management experience in the professional accounting, oil and gas, petrochemical and plantation industries. He holds a Bachelor of Economics degree majoring in Accountancy from the University of Tasmania and is a member of the Australian Institute of Chartered Accountants.

CORPORATE **STRUCTURE**



(1) The remaining 20% of the issued and paid-up share capital of PT Pilar Mas Utama Perkasa ("**PT Pilar Mas**") is owned (i) 5% by Mr Nordiansyah Nasrie, who is the Chief Operating Officer of the Group and (ii) 15% by Mr Lim Fang Wei, a Singapore businessman who is an independent third party unrelated to the Group, its Directors and Substantial Shareholders. The transfer of shares in PT Pilar Mas from Mr Nordiansyah Nasrie to Mr Lim Fang Wei was effected following receipt of approvals for the change in shareholding from the Foreign Investment Coordinating Board dated 7 April 2017 and the Indonesian Minister of Law and Human Rights dated 27 April 2017.

(2) The remaining 0.2% of the issued and paid-up share capital of Rinjani is owned by Mr Agus Sugiono, who is the Executive Chairman and Chief Executive Officer of the Group.

(3) On 24 August 2017, the Company lost control over Rinjani following a suspension of payment filed by its creditors and on 9 October 2017, the Commercial Court of Jakarta ruled that Rinjani will enter bankruptcy with immediate effect.

OPERATIONS AND **FINANCIAL REVIEW**

As a result of the Company's loss of control of Rinjani and the suspension of operations of RPG Trading and EIR, the results from Rinjani as well as RPG Trading and EIR (for the period up to 30 September 2017) are presented separately in the Group's Consolidated Statement of Comprehensive Income under "Loss from discontinued operations, net of tax" for FY2017 with comparative balances for the financial year ended 31 December 2016 ("**FY2016**").

Further, the entire assets and liabilities of Rinjani at 24 August 2017, the date the Group lost control of Rinjani, have been deconsolidated and the resultant net liabilities position amounting to US$11.9 million has been presented as a net gain in the Group's Consolidated Statement of Comprehensive Income for FY2017 under "Loss from discontinued operations, net of tax" in accordance with FRS105. The "Loss from discontinued operations, net of tax" amounting to US$14.8 million, as disclosed in Group's Consolidated Statement of Comprehensive Income and Note 9 of the Audited Consolidated Financial Statements comprises the loss attributable to equity shareholders of US$26.7 million offset by the net gain of US$11.9 million.

Since 3 October 2017, EIR recommenced coal hauling operations after entering into a coal hauling service agreement with CAN. The results of this coal hauling operations for the period from 3 October 2017 to 31 December 2017 are presented as continued operations in the Group's Consolidated Statement of Comprehensive Income with no comparative balances for FY2016 as EIR's operations prior to October 2017 were an ancillary part of the Group's coal mining business unlike the current situation where it is the Group's sole primary business.

Income Statement Review

During the financial year under review, the operations of EIR under the CAN agreement were affected by the heavy rainfall and accordingly the poor condition of the coal hauling road, as the road at the operational site of CAN is not an "all-weather" road and therefore easily damaged, resulting in lesser trips made by EIR's trucks during the wet season or when the coal hauling road is wet and slippery.

The average quantity of coal hauled under the coal hauling service agreement of approximately 31,250 tonnes per month for the fourth quarter of the financial year ended 31 December 2017 ("**4QFY2017**") is significantly lesser than the 100,000 tonnes per month as set out in the coal hauling service agreement. Accordingly, EIR has under performed, both operationally and financially in respect of the CAN agreement.

The Management took various steps to attempt to improve the coal hauling operations such as (i) renegotiating on the rates for the coal hauling services provided by EIR; (ii) addressing operational issued faced by EIR to improve efficiency of the operations; and (iii) review EIR's cost structure to implement measures to control costs involved. Following these steps the average quantity of coal hauled per month has improved to approximately 37,250 tonnes for the period January 2018 to July 2018. However the impact of these improvements on the revenue and operating contributions of EIR remains marginal. The Management continues to monitor closely the performance of EIR.

The Group through EIR's continuing operations generated revenue and cost of goods sold ("**COGS**") amounting to US$275,000 and US$289,000 respectively for FY2017. EIR's COGS includes primarily the costs of manpower, fuel, spare parts and depreciation of its coal hauling trucks. During 4QFY2017, EIR hauled a total of 93,742 tonnes of coal.

EIR generated a gross loss of US$14,000 from continuing operations for FY2017 due primarily to the factors stated above which resulted in significantly lesser quantity of coal hauled compared to the 100,000 tonnes per month as stipulated in the CAN agreement.

OPERATIONS AND **FINANCIAL REVIEW**

Other income comprises mainly interest income, gains/(losses) from foreign currency exchange. For FY2017, the Company generated net other income of US$0.2 million compared to US$8,000 in FY2016 mainly due to net foreign exchange gains in FY2017.

The Group's administrative expenses comprise mainly staff costs, professional fees, audit and legal fees, travelling and transportation, office rental, listing fees, sponsorship fees and investor relation costs. In FY2017, administrative expenses from continuing operations decreased by 14.4% (US$0.2 million) to US$1.1 million in FY2017 from US$1.2 million in FY2016 due to reductions in administration expenses following the deconsolidation of Rinjani and discontinued operations of RPG Trading and EIR (for the period up to 30 September 2017). The reduction was partially offset by the accrual for certain management remuneration expenses for November and December 2017 which, prior to November 2017 were incurred and paid for by Rinjani.

The tax expense for FY2017 comprises current income tax from continuing operations and a charge arising from an adjustment to deferred tax assets (FY2016: Nil).

Following the deconsolidation of Rinjani and discontinued operations of RPG Trading and EIR (for the period up to 30 September 2017), losses from discontinued operations, net of tax of US$14.8 million and US$1.3 million were incurred for FY2017 and FY2016 respectively. The loss from discontinued operations for FY2017 comprises primarily revenue of US$22.2 million (FY2016: US$57.9 million) deducted with expenses of US$48.9 million (FY2016: US$59.3 million) and a net gain of US$11.9 million (FY2016: Nil) arising from the net liabilities position of Rinjani following its deconsolidation from the Group.

As a result of the above, the Group reported a net loss attributable to equity holders of US$15.5 million in FY2017 compared with a net loss of US$1.9 million in FY2016.

Financial Position Review

As a result of the Company's loss of control of Rinjani on 24 August 2017, the assets and liabilities related to Rinjani are deconsolidated and as Rinjani was in a net liabilities position, the resultant net gain on deconsolidation of US$11.9 million is presented in the Group's Consolidated Statement of Comprehensive Income under loss from discontinued operations for FY2017. As a result of the deconsolidation, the following assets and liabilities of the Group were affected:

Assets associated with Rinjani are:

- Property, plant and equipment
- Intangible assets
- Mining properties
- Deferred tax assets
- Inventories
- Trade and other receivables
- Cash and cash equivalents

Liabilities associated with Rinjani are:

- Finance lease liabilities
- Provisions
- Trade and other payables

OPERATIONS AND **FINANCIAL REVIEW**

Accordingly, as at 31 December 2017, the Group's total equity decreased to become negative US$0.2 million from US$10.4 million as at 31 December 2016.

In addition to the deconsolidation of Rinjani which affected the relevant assets and liabilities set out above, the reasons for the movement in the Group's assets and liabilities balances as at 31 December 2017 are as follows:

Trade and other receivables (current and non-current) decreased due to the recognition of the intercompany receivables due from Rinjani, previously eliminated on consolidation, in the balance sheet of the Group as at 31 December 2017 and offset by the provision of impairment of the receivables due from Rinjani following the decision of the Commercial Court Jakarta on 9 October 2017 that Rinjani entered bankruptcy with immediate effect.

Property, plant and equipment (**"PP&E"**) decreased due to the sale of coal hauling trucks by EIR and current period depreciation of EIR's PP&E.

Deferred tax assets decreased following the write-back of EIR's deferred tax asset due to the uncertainty that EIR will generate sufficient future taxable income to utilise its deferred tax asset.

Post-employment benefits decreased due to the full settlement of EIR's post-employment benefits during FY2017.

Finance lease liabilities (both current and non-current) decreased due to lease payments during FY2017 by EIR.

Cash Flow Review

Losses before tax from continuing and discontinued operations of US$1.0 million (FY2016: US$1.2 million) and US$14.8 million (FY2016: US$1.3 million) respectively were incurred for FY2017.

After adjusting for non cash items, the cash flows used for operating activities before working capital changes amounted to US$21.9 million for FY2017 whereas cashflows from operating activities in FY2016 amounted to US$7.0 million. For FY2017, non cash items include, *inter alia*, the net gain on deconsolidation of Rinjani, depreciation and amortisation charges, finance costs and unrealised foreign exchange losses. After working capital changes, cash used in operations decreased to US$0.5 million primarily due primarily to movements in trade and other payables and trade and other receivables amounting to US$21.6 million. For FY2016 cash generated from operations decreased to US$3.6 million due primarily to the movement in inventories and trade and other payables amounting to a net outflow of US$3.7 million.

Net cash flows used in investing activities for FY2017 of US$0.9 million resulted from net cash outflows due to the loss of control of Rinjani partially offset by proceeds from the sale of PP&E. Net cashflows used in investing activities for FY2016 of US$2.7 million were for additions to mining properties and PP&E.

Net cash flows used in financing activities of US$0.5 million and US$2.3 million for FY2017 and FY2016 respectively were primarily due to the repayment of finance leases in FY2017 and repayment of interest, finance leases and third party loans in FY2016. The Group's cash and cash equivalents as at 31 December 2017 was US$0.3 million compared to US$2.3 million as at 31 December 2016.

RPG INVESTOR **RELATIONS**

Resources Prima established an investor relations ("**IR**") programme with the principal goal of building trust and understanding with the investment community and shareholders through the timely dissemination of balanced information. This goal has been severely tested throughout 2017 and the first half of 2018 with the cessation or suspension of operations of the Group's operating subsidiaries in mid 2017 and the untimely bankruptcy of Rinjani on 9 October 2017.

The Company continued to host its quarterly results briefing with analysts and investors following the release of the Group's financial results for the first quarter ended 31 March 2017. Results briefings for the financial results for the second, third and full year results were however suspended for the reasons noted above.

Trading Suspension

On 28 June 2017, the Company announced via SGXNet that the Board is of the view that the Company is currently unable to demonstrate that it is able to continue as a going concern or reasonably assess its financial position and inform the market accordingly. In light of the foregoing and pursuant to Rule 1303 of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"), the Board recommended that it is in the best interests of the Company that the trading halt of the Company's shares (implemented with effect from 23 June 2017) be converted to a trading suspension of the shares with immediate effect ("**28 June 2017 Announcement**").

The closing price on 22 June 2017, being the last trading day prior to the calling of the trading halt, was S$0.026.

Following the 28 June 2017 Announcement, the Company has continued to update the investment community and shareholders through regular announcements via SGXNet including announcements made pursuant to Rule 704(22) of the Catalist Rules.

Based on the requirements under Rule 1304(1) of the Catalist Rules which states that if an issuer is suspended under Rule 1303(3), it must "submit a proposal (or proposals) through its sponsor to the Exchange with a view to resuming trading in the issuer's securities ("**resumption proposals**") within 12 months of the date of suspension. If no resumption proposals are received to enable trading to resume within 12 months of the date of suspension, the Exchange may remove the issuer from the "Official List". The Company was required to submit a resumption proposal no later than 28 June 2018.

In this regard, the Company, through its sponsor, applied to SGX-ST for an extension of 6-months till 27 December 2018 for submission of the resumption proposal and the SGX-ST subsequently informed the Company that, having considered the financial position of the Company, SGX-ST, is of the view that a time extension will be in the interest of shareholders and in this regard SGX-ST has agreed to grant the Company a 3-month extension till 28 September 2018 for the Company to submit its resumption proposal.

The extension of time will allow the Company to seek the necessary approvals from the regulatory authorities, prepare the necessary documents and/or information for the shareholders to vote on transactions (including, *inter alia*, the entry of the investment agreement) and to call for an extraordinary general meeting while also addressing the issue of commencing a sustainable business for the Group.

CORPORATE **INFORMATION**

Company Name
Resources Prima Group Limited

Incorporated in
Singapore

Stock Code
5MM

ISIN Code
SG1W50939246

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333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721

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Board of Directors
Agus Sugiono
(Executive Chairman and Chief Executive Officer)

Khoo Song Koon
(Lead Independent Director)

Chow Wai San
(Independent Director)

Audit and Risk Management Committee
Chow Wai San (Chairman)
Khoo Song Koon

Nominating Committee
Chow Wai San (Chairman)
Khoo Song Koon

Remuneration Committee
Khoo Song Koon (Chairman)
Chow Wai San

Company Secretary
Foo Soon Soo

Share Registrar
Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623

Auditors
Baker Tilly TFW LLP
600 North Bridge Road
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Singapore 188778

Audit Partner-in-Charge
Gilbert Lee
(appointed since the financial year ended 31 December 2016)

Sponsor
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#21-00 AIA Tower,
Singapore 048542

FINANCIAL **CONTENTS**

CORPORATE GOVERNANCE **REPORT**

The Board of Directors (the "**Board**" or the "**Directors**") of the Company recognises the importance of corporate governance and is committed to maintaining high standards to safeguard the interests of the Company's shareholders and to enhance corporate value and accountability by complying with the corporate governance practices, principles and guidelines contained in the Code of Corporate Governance 2012 (the "**Code**").

This report sets out the corporate governance practices that were adopted by the Group during FY2017 with specific reference to each of the principles of the Code. The Board confirms that, for FY2017, the corporate governance practices adopted by the Group were in line with the recommendations of the Code. Where there were deviations from the Code, appropriate explanations are provided.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: 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 the Management to achieve this objective and the Management remains accountable to the Board.

The Board has overall responsibility for the corporate governance of the Company including promoting long-term shareholder value and taking decisions in the interests of the Company objectively. Apart from its statutory responsibilities, the Board is responsible for:

(1) reviewing the financial performance and condition of the Group;

(2) approving the Group's strategic plans, key operational initiatives, major investments, divestments and funding decisions;

(3) identifying principal risks of the Group's business and implementing systems to manage the risks;

(4) setting the tone of management via example and leadership, thereby communicating standards of corporate responsibility and objective decision-making; and

(5) consider sustainability issues as part of its strategic formulation.

Regular meetings are held to consider corporate and strategic policies of the Group including significant acquisitions and disposals, review performance of the business and approve the release of periodic financial results.

In addition to scheduled Board meetings, the Chairman and Chief Executive Officer holds informal meetings with the non-executive and independent directors to brief them on corporate and strategic developments.

Delegation of Authority by the Board

The Board is assisted by the Audit and Risk Management Committee ("**ARMC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively the "**Board Committees**") in discharging specific responsibilities. These Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis to ensure their continued relevance. The Board accepts that, while these Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility and decision on all matters still lies with the Board. The effectiveness of each Board Committee is also constantly monitored. Further information on these Board Committees is set out in this report.

Matters specifically referred to the Board for its approval include, but not limited to, the following:

- approval authority matrix, standard operating procedures, policies and procedures;
- strategic policies of the Group;
- annual budgets and mine plan including major revisions thereto;
- employee grading structure, salary bands and annual increments;
- appointment, re-appointment or resignation of Directors, appointment, re-appointment or resignation of members of the Board Committees as well as payment of Directors' fees;
- appointment of a person who is a relative of a director or chief executive officer or substantial shareholder of the Company to a managerial position in the Company or any of its principal subsidiaries;
- appointment of internal auditor, external auditor and Company representative;
- bank accounts: opening, closing and changes to cheque signatories;
- changes in the capital of the Company;
- material acquisitions and disposal of assets;
- capitalisation of loans due from subsidiaries exceeding 10% of Group net assets;
- advances/loans between group of associate companies;
- announcements: for public release including, but not limited to, interim and full year results including material adjustments to previously announced results;
- general meetings: notices, call for meetings, circular to shareholders, corporate governance statement and chairman's statement for annual report;
- financial statements and secretarial: directors' report and statement, audited financial statements, dividend recommendation and payment, affixing common seal, change of registered office, register of members, share register and alteration to the constitution;
- establishment of board committees; and
- review of interested person transactions.

Directors' Attendance at Board and Board Committees Meetings

The Board conducts regular scheduled meetings at least four times a year to review the strategic policies of the Group, significant business transactions, performance of the business and approve the release of the quarterly and full year results. As and when required, ad-hoc Board meetings are also held to address significant transactions or specific issues that may arise. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions. The Company's constitution ("**Constitution**") has provision for Board meetings to be held via telephone or video conference.

The attendance of each Director at the Board and the Board Committees meetings, as well as the frequency of such meetings held during FY2017 are disclosed as follows:

Meetings	**Board**		**Board Committees**					
			Audit and Risk Management		**Nominating**		**Remuneration**	
Meetings held in FY2017	**6**		**4**		**1**		**1**	
Name of Director	No. of meetings to be attended	No. of meetings attended	No. of meetings to be attended	No. of meetings attended	No. of meetings to be attended	No. of meetings attended	No. of meetings to be attended	No. of meetings attended
Agus Sugiono	6	6	–	4*	–	1*	–	1*
Gabriel Giovani Sugiono(1)	6	6	–	4*	–	1*	–	1*
Giang Sovann(2)	6	6	4	4	1	1	1	1
Low Yew Shen(3)	6	6	–	4*	–	1*	–	1*
Rozano Satar(4)	6	6	4	4	1	1	1	1
Russell Joseph Kelly(5)	6	5	4	4	1	1	1	1
Chow Wai San(6)	1	1	–	–	–	–	–	–
Khoo Song Koon(6)	1	1	–	–	–	–	–	–

Notes:

** By Invitation*

(1) Mr Gabriel Giovani Sugiono has resigned from his position as Executive Director as of 31 May 2018.

(2) Mr Giang Sovann has resigned from his position as Lead Independent Director as of 13 February 2018.

(3) Mr Low Yew Shen has resigned from his position as Independent Director as of 12 February 2018.

(4) Mr Rozano Satar has resigned from his position as Independent Director as of 31 January 2018.

(5) Mr Russell Joseph Kelly has resigned from his position as Independent Director as of 31 December 2017.

(6) Mr Chow Wai San and Mr Khoo Song Koon were appointed as Independent Directors on 1 December 2017. Mr Chow Wai San was appointed as member of the ARMC on 31 December 2017 and Mr Khoo Song Koon was appointed as member of the NC and RC on 31 December 2017. Both Mr Chow Wai San and Mr Khoo Song Koon have attended all Board and Board committee meetings held (where applicable) since their appointment in FY2017.

Orientation, Briefings, Updates and Trainings for Directors

Upon the appointment of a new director, the Company will provide a formal letter to the director, setting out his duties and obligations. Such directors are given appropriate briefings when they are first appointed to the Board to ensure that they are familiar with the Group's business, operations, governance practice and regulatory requirements.

All Directors are encouraged to attend conferences and seminars as well as other training courses relevant to their roles as Directors of the Company. Such conferences and seminars as well as other training courses are arranged and funded by the Company for all Directors.

The Independent Directors regularly attend courses held by *inter alia* Singapore Institute of Directors, Institute of Singapore Chartered Accountants and Accounting and Corporate Regulatory Authority of Singapore.

During the financial period under review, the Directors received updates on changes to relevant laws and regulations. In addition, the external auditors have provided updates to the Directors on the new and revised financial reporting standards, which are relevant to the Group. The Directors were also provided with certain industry publications to keep abreast of current industry developments.

Board Composition and Guidance

Principle 2: 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.

As at 31 December 2017, the Board had 7 members comprising 2 Executive Directors and 5 Independent Directors; details are as follows: -

Name of Director	**Board Membership**	**Audit & Risk Management Committee**	**Nominating Committee**	**Remuneration Committee**
Agus Sugiono	Executive Chairman & Chief Executive Officer	–	–	–
Gabriel Giovani Sugiono ** resigned on 31 May 2018*	Executive Director	–	–	–
Giang Sovann ** resigned on 13 February 2018*	Lead Independent Director	Chairman	Member	Chairman
Low Yew Shen ** resigned on 12 February 2018*	Independent Director	Member	Chairman	Member
Rozano Satar ** resigned on 31 January 2018*	Independent Director	Member	Member	Member
Chow Wai San *Appointed on 1 December 2017*	Independent Director	Member (Chairman with effect from 11 May 2018)	– (Chairman with effect from 11 May 2018)	– (Member with effect from 11 May 2018)
Khoo Song Koon *Appointed on 1 December 2017*	Independent Director (Lead Independent Director with effect from 11 May 2018)	– (Member with effect from 11 May 2018)	Member	Member (Chairman with effect from 11 May 2018)

Note: Mr Russell Joseph Kelly resigned with effect from 31 December 2017.

Following the resignation of 4 Directors in 2018, the current Board comprises 2 Non-Executive Independent Directors and 1 Executive Director. Hence, the Independent Directors make up more than half of the Board. The NC, RC and ARMC each comprises the 2 Independent Directors, falling short of the minimum number of 3 Directors required under the Code. Accordingly, the Company has written to SGX-ST through its Sponsor seeking an extension of time to appoint a 3rd Independent Director. The SGX-ST has granted the Company an extension to 28 September 2018 for such appointment. The Board is in the process of sourcing for suitable candidates who can strengthen the experience and expertise of the Board and Board Committees.

The Board is made up of Directors with a wide range of skills and experience in the fields of finance and accounting, as well as relevant industry experience. Each member of the Board (except for Mr Agus Sugiono, the Executive Chairman and CEO of the Company, an equivalent appointment to a Managing Director) holds office pursuant to the provisions of the Company's Constitution and thereafter, shall be eligible for re-election unless disqualified from holding office.

Annual Review of Directors' Independence

The independence of each Director is reviewed annually by the NC and the NC adopts the criteria of independence based on the definition provided by the Code, that is, an Independent Director is one who has no relationship with the Company and its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interest of the Company. Each Director is also required to declare his independence by duly completing and submitting an annual declaration form. The Independent Directors have confirmed their independence in accordance with the Code's definition of independence. None of the Independent Directors has served on the Board beyond nine years from the date of his first appointment.

On an annual basis, the NC will review the size and composition of the Board to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. As at the end of FY2017, the size and composition of the Board is a requisite mix of expertise and experience. Following the resignation of 4 Directors in 2018, the current Board comprises 2 Non-Executive Independent Directors and 1 Executive Director. The NC, RC and ARMC each comprise the 2 Independent Directors, falling short of the minimum number of 3 Directors required under the Code.

Given the current cashflow constraints experienced by the Group, the Directors and Management of the Company have been focusing their efforts on generating revenue and rebuilding the Group's business, as well as continuing to evaluate various options (including but not limited to obtaining financial support from the current shareholders and introduction of new investors to the Company). Further, as previously announced in the announcement dated 6 April 2018, as an interim measure to the Group's financial position, the Independent Directors, the Executive Chairman cum CEO, the Chief Operating Officer and the CFO have all agreed not to take any fees or remuneration or to take only nominal salaries until there is more clarity on the Group's cashflow situation. Hence, it would be challenging for the Group to attract suitable candidates to act as an additional independent director on the same basis.

As set out above, the Board is however in the process of sourcing for suitable candidates who can strengthen the experience and expertise of the Board and Board Committees.

The Non-Executive Directors provide, amongst other things, strategic guidance to the Company based on their professional knowledge, in particular, assisting to constructively challenge and develop proposals on the Company's plan and direction.

The Non-Executive Directors also help review the performance of management of the Company ("**Management**") in meeting agreed goals and objectives and monitor the reporting of performance.

The profiles and key information on the individual Directors and their shareholdings in the Company are set out in the "Board of Directors" section and the "Directors' Report" section of this annual report.

Chairman and Chief Executive Officer

Principle 3: 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.

Mr Agus Sugiono is the Executive Chairman and CEO of the Company.

As the Executive Chairman, Mr Agus Sugiono, leads the Board and will bear responsibility for the workings of the Board and reviewing the effectiveness of the corporate governance process of the Board. He ensures that the responsibilities as set out in the Code are properly discharged and is responsible for representing the Board to shareholders.

As CEO, Mr Agus Sugiono is responsible for the executive responsibilities for the Group's performance. His responsibilities include charting and reviewing of corporate directions and strategies, which cover areas of marketing and strategic alliances. He is responsible for providing the Company with strong leadership and vision. In assuming his roles and responsibilities, Mr Agus Sugiono consults with the Board and Board Committees on major issues.

Mr Khoo Song Koon was appointed the Lead Independent Director of the Company on 11 May 2018. The Lead Independent Director will be the contact person available to shareholders where they have concerns and for which contact through the normal channels with the Chairman, CEO or the CFO has failed to resolve or where such communication is inappropriate.

The Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual. During the financial year under review, the Independent Directors, led by the Lead Independent Director, held various informal meetings and discussions amongst themselves without the presence of the other Directors and Management, and had provided feedback to the Chairman.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC currently comprises two Directors, all of whom, including the Chairman of the NC, are independent. The NC is chaired by Mr Chow Wai San. The other member of the NC is Mr Khoo Song Koon. The NC will meet at least once a year or when necessary.

The NC is guided by its terms of reference. The NC's duties and functions include:

(i) reviewing and making recommendations to the Board on all board appointments and re-nomination having regard to the Director's contribution and performance;

(ii) ensuring that all members of the Board submit themselves for re-nomination and re-election at regular intervals;

(iii) determining annually whether a Director is independent, guided by guidelines in the Code;

(iv) deciding if a Director is able and has adequately carried out his duties as a Director of the Company where he has multiple board representations;

(v) proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director to the effectiveness of the Board;

(vi) reviewing succession plans for the directors and senior executives, including the Chairman and for the CEO, and

(vii) reviewing and approving any new employment of related persons and the proposed terms of their employment.

Each member of the NC shall abstain from voting on any resolutions, making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or independence or his re-nomination as a Director.

Process for Selection and Appointment of New Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors.

The NC will conduct an annual review of the composition of the Board in terms of the size and mix of skills and qualifications of the Board members. It may, if it deems appropriate, recommend the appointment of additional Directors to strengthen the composition of the Board. The NC may also recommend the appointment of a new Director to fill a casual vacancy in the Board. The NC will deliberate and propose the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NC could include among other things, the new Director to add to or complement the mix of skills and qualifications in the existing Board, relevance of his experience and contributions to the business of the Company and the depth and breadth he could bring to Board's discussion.

The NC will accept nominations and review the resumes of candidates for shortlisting. It will arrange to conduct, meet and talk to the shortlisted candidates to assess their suitability and fit to the Board as well as to assess their interest to take up directorships in the Company. It will narrow its search to two or three most suitable candidates and submit their names to the Board. The Board will review the credentials of the candidates submitted to them and the recommendations of the NC and make a final decision on an appointee.

Process for re-appointment of Directors

The role of the NC also includes the responsibility of reviewing the re-appointment of Directors who retire by rotation.

Under the Constitution of the Company, one-third of the Directors (if the number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation at each annual general meeting of the Company ("**AGM**"). The Constitution of the Company also provides that all retiring Directors (except for Mr Agus Sugiono, the Executive Chairman and CEO, who is holding an equivalent appointment as a Managing Director) are eligible to offer themselves for re-appointment. Further, all the Directors are required to retire from office at least once every three years.

In addition, under the Constitution of the Company, a newly appointed Director must retire and submit himself for re-election at the AGM immediately following his appointment. Thereafter, he will be subject to the one-third rotation rule under the Constitution of the Company.

In view of the above, the NC has recommended to the Board that Mr Chow Wai San and Mr Khoo Song Koon who were appointed on 1 December 2017 to retire under the Constitution and be nominated for re-appointment at the forthcoming AGM. As noted above, the remaining executive director, Mr Agus Sugiono, the Executive Chairman and CEO of the Company, is not subject to retirement by rotation for the reasons noted above. In making its recommendation for Mr Chow Wai San and Mr Khoo Song Koon, the NC has considered, amongst others, the Director's integrity, independent mindedness, contribution and performance (such as attendance, participation, preparedness and candour). The Board has accepted the recommendation of the NC and Mr Chow Wai San and Mr Khoo Song Koon will be offering themselves for re-appointment at the forthcoming AGM. Both Mr Chow Wai San and Mr Khoo Song Koon have abstained (where applicable) from both the NC's and the Board's deliberations of their re-appointment.

Independence of the Directors

For the financial year under review, the NC is of the view that the Independent Directors are independent as defined in the Code and are able to exercise judgement on the corporate affairs of the Group independent of the Management.

Multiple Board Representations

The NC has considered and is of the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because Directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of board committees on which they serve are of different complexities. Each Director shall determine the demands of his competing directorships and obligations and assess the number of directorships he could hold and serve effectively. The Board, with the assistance of the NC has, as part of its annual review, taken into account, among others, (i) the contributions by Directors to and during meetings of the Board and Board Committees; (ii) the results of the Board's evaluation of its performance; and (iii) the directorships and principal commitments of individual Directors, and has concluded that the Directors are able to and have devoted sufficient time and attention to the affairs of the Company and to discharge their responsibilities adequately as required under the Code.

There is no alternate Director being appointed to the Board for the financial year under review.

The key information of the current Directors is set out in the "Board of Directors" section of this Annual Report. The date of initial appointment and last re-appointment of each Director, together with his current and preceding 3 years directorships in other listed companies, are set out below:

Name	Date of initial appointment	Date of last re-appointment	Current directorships in other listed companies	Past directorships in listed companies (preceding three years)
Agus Sugiono	12 November 2014	Not applicable (1)	Nil	Nil
Chow Wai San	Appointed on 1 December 2017	–	K Group Holdings Limited, Nippecraft Limited, Universal Resource and Services Limited	Nil
Khoo Song Koon	Appointed on 1 December 2017	–	Nippecraft Limited	Nil

Note:

(1) Under the Constitution of the Company, the Managing Director of the Company (or any Director holding an equivalent appointment) is not subject to retirement. Following the recent amendments to the Catalist Rules of the SGX-ST consequential to the revisions of the Code, which will come into effect on 1 January 2019, under Rule 720(4), an issuer must have all directors submit themselves for re-nomination and re-appointment at least once every three years. In light of this, the Company intends to convene a general meeting as soon as practicable to amend its Constitution to align it with the Catalist Rules.

Board Performance

Principle 5: 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.

On an annual and formal basis, the NC assesses the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board and each of the Board Committees has assessed the effectiveness of the Board Committees. The Board has not engaged any external facilitator in conducting the assessment of the Board's performance and the performance of individual Directors. Where relevant, the NC will consider such engagement.

For the financial year under review, all Directors are requested to complete evaluation forms designed to seek their view on the various aspects of the Board performance so as to assess the overall effectiveness of the Board as well as the performance of the Board Committees and Individual Directors. The completed evaluation forms are submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review. The NC will then report to the Board of the results on the consolidated responses. Following the receipt of the consolidated responses, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

For the performance criteria for the Board's evaluation, the NC considers a number of factors, including the discharge of the Board's functions, access to information, participation at Board meetings and communication and guidance given by the Board to Management.

For the purpose of its evaluation of the Directors' performance, the NC focuses on whether the Directors, individually or collectively possesses the background, experience, competencies in the relevant skills critical to the Company's business as well as whether each Director, with his contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

Access to Information

Principle 6: In order to fulfill 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 Company fully recognises that the continual flow of relevant and accurate information on a timely basis is critical for the Board to be effective in discharging its duties. The Management provides the Board members with regular updates on the financial performance and financial position of the Company. Board papers are generally made available to Directors on a timely manner, before the meetings and would include financial management reports, reports on performance of the Group, papers pertaining to matters requiring Board's decision, updates on key outstanding issues, strategic plans and developments in the Group. This is to enable the Directors to be properly briefed on matters to be considered at the Board and Board Committees meetings. Quarterly reviews of the Company's activities are also provided to the Board with other key information, such as business updates and plans, corporate actions and other information being communicated to the Directors on an ongoing basis. The Directors have separate and independent access to Management and the Company Secretary.

Under the directorship of the Chairman, the Company Secretary ensures good information flows within the Board and its Board Committees and between the Management and the Non-Executive Directors. The Company Secretary assists the Chairman and the Chairman of each Board Committee in the development of agendas for the various Board and Board Committees meetings. The Company Secretary administers and she or her representative attends all Board and Board Committees meetings of the Company and prepares minutes of the meetings. The Company Secretary is also responsible for, among other things, ensuring that the Board procedures are observed and that the relevant rules and regulations, including requirements of the Companies Act and the Catalist Rules are complied with. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

The Directors, whether individually or as a group, will have access to independent professional advice where such services are required in furtherance of their duties. The cost of such professional advice will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies
Level and Mix of Remuneration
Disclosure on Remuneration

Principle 7: 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.

Principle 8: 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.

Principle 9: 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 RC of the Company comprises Mr Chow Wai San and Mr Khoo Song Koon, both of whom are Independent Directors. The RC is chaired by Mr Khoo Song Koon. The current composition of the RC falls short of the requisite minimum 3 members set out under the Code. As set out above, the Board is in the process of sourcing for suitable candidates to strengthen the Board and Board Committees.

The RC will meet at least once a year or when necessary. The RC has established terms of reference, which sets out its authority and duties. The RC will review and recommend remuneration policies and specific remuneration packages that will attract, retain and motivate each Director and key management personnel to exert their best efforts to work towards the growth of the Group, the protection and promotion of the interests of all shareholders and the interests of improved corporate performance. The review of remuneration packages takes into consideration the long-term interests of the Group such that the interests of the Directors and the key Management are aligned with that of the shareholders. The review covers all aspects of remuneration, including but not limited to, Directors' salaries, fees, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind. The RC's recommendations will be submitted for endorsement by the entire Board.

In addition, the RC will perform an annual review of the remuneration of employees related to the Group's Directors and substantial shareholders to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC, when applicable, will also review and approve any bonuses, pay increments and/or promotions of these employees and will also review the Group's obligations arising in the event of termination of the Executive Director's and key Management's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expenses of such services shall be borne by the Company. For the financial year under review, the then RC did not engage the services of an external remuneration consultant.

Each member of the RC shall abstain from voting on any resolutions, making recommendations and/or participating in any deliberations of the RC in respect of his remuneration package or that of employees related to him (if any). The RC shall also be empowered to review human resource management policies of the Group.

In its review and recommendations on remuneration policies and packages for the Directors, the RC will consider, among others, the size and complexity of the Group, the time commitment required, as well as survey reports published by reputable human resource consulting firms.

Remuneration of key Management will be reviewed by the Company's human resource department, if applicable, in consultation with the CEO. The review will take into consideration the value-added and the extent of contribution of the key Management towards the financial health and business needs of the Group. The Company will offer competitive remuneration packages to recruit, motivate and retain valuable staff. The RC will also administer the employee share option scheme and performance share plan of the Company.

The Independent Directors receive Directors' fees in accordance with a remuneration framework where each Director is paid a basic fee and an additional fee for appointments as chairman or a member of a Board Committee commensurate with additional responsibilities associated with such appointments. The Independent Directors shall not be over-compensated to the extent that their independence may be compromised. Payments of Directors' fees are subject to shareholder approval at the AGM.

Mr Agus Sugiono does not receive a Director's fee but is remunerated as a member of Management. The Company entered into a service agreement with Mr Agus Sugiono (Executive Chairman and CEO, for an initial term of three years from 12 November 2014. Upon the expiry of the initial term, his employment may, at the option of the Company, be extended for such further period on terms and conditions to be agreed between the Company and the Executive Chairman and CEO. Mr Agus Sugiono's employment with the Company has been extended on a 3-month rolling basis until either revised or terminated by the Board. The salary, performance bonus and any other benefits-in-kind which the Executive Chairman and CEO are entitled to are subject to annual review and approval by the Board and/or the RC. The Executive Chairman and CEO and/or his associates will abstain from voting in respect of any resolution or decision to be made by the Board in relation to the terms and renewal of their respective service agreements.

The remuneration package of the Executive Chairman and the Management are set by individual service agreements and comprise (i) a basic salary component; (ii) a religious festive bonus, based on the country of residence, in the amount equal to the basic monthly salary of the executive; and (iii) a variable component, where applicable, which is the annual bonus, based on the performance of the Group as a whole and their individual performance.

The remuneration policy of the Group seeks, *inter alia*, to align the interests of employees within the Group, to reward and encourage performance based on its core values and to ensure that remuneration is commercially competitive to attract and retain talent. Remuneration packages are initially discussed with the prospective employee to obtain his/her requirements. Such requirements are then considered and adjusted in light of the current employee remuneration structure and levels, company resources as well as market data, where available. The typical remuneration package consists of a fixed monthly salary plus a religious festive bonus in the amount equal to the basic monthly salary of the employee.

There are no termination or retirement benefits granted to the Directors, CEO and key Management. Currently contractual provisions are not used that would allow the Company to reclaim incentive components of remuneration from the Executive Director and key Management in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group. The RC would review such contractual provisions as and when necessary.

The compensation paid or payable to the members of the Board (including Directors' fee) and key Management of the Group (who are not Directors and CEO) (including salary, bonus, provident fund contribution, benefits-in-kind and deferred compensation accrued in the financial year under review and payable at a later date) are as follows:

Name of Director	**Base/ Fixed Salary (S$'000)**	**Bonus (S$'000)**	**Provident Fund Contribution (S$'000)**	**Directors' Fee (S$'000)**	**Allowances and Other Benefits (S$'000)**	**Total (S$'000)**
Agus Sugiono	417	–	–	–	45	462
Gabriel Giovani Sugiono	144	–	–	–	–	144
Giang Sovann	–	–	–	71	–	71
Russell Joseph Kelly	–	–	–	52	–	52
Rozano Satar	–	–	–	48	–	48
Low Yew Shen	–	–	–	39	–	39
Chow Wai San	–	–	–	3	–	3
Khoo Song Koon	–	–	–	3	–	3
Name of Top 5 Management Personnel (who are not Directors or CEO)	**Base/ Fixed Salary**	**Bonus**	**Provident Fund Contribution**	**Directors' Fee**	**Allowances and Other Benefits**	**Total**
S$250,000 – S$500,000						
John Allan Watson	90%	–	–	–	10%	100%
Nordiansyah Nasrie	90%	–	–	–	10%	100%
Bhondan Suryo Bhroto[1] *Terminated on 31 July 2017*	84%	–	–	–	16%	100%
Betsaida Tamba[1] *Terminated on 31 July 2017*	84%	–	–	–	16%	100%
Marlina[1] *Terminated on 31 July 2017*	84%	–	–	–	16%	100%
[1] *Note: The percentage calculations do not include the employees' termination benefit as they were employed by and paid by Rinjani and following the loss of control, the Company does not have access to such information.*						

The remuneration of the Directors and the top five key Management are reviewed at the discretion of the Board in consultation with the RC. Due to confidentiality reasons, the remuneration of the top five key management will not be fully disclosed and will be made in bands of S$250,000.

For FY2017, the aggregate total remuneration paid and/or payable to the top five key management personnel (who are not Directors or the CEO), excluding termination payments paid by Rinjani subsequent to the loss of control by the Company, was approximately S$638,000.

As announced on 6 April 2018, the Group has been operating under severe cashflow constraints. As such, and as an interim measure,

1. the current Independent Directors (since their respective dates of appointment) and the previous Independent Directors of the Company since end of September 2017;

2. the CEO, Chief Operating Officer and CFO since the end of October 2017, and

3. the previous Executive Director since end of December 2017

have agreed not to take any fees/remuneration or to take only nominal salaries until there is more clarity on the Group's cashflow situation.

Furthermore, following the expiry of the initial 3-year service agreements of the CEO, Chief Operating Officer and CFO on 12 November 2017, such service agreements are currently extended on a 3-month rolling basis until either revised or terminated by the Board.

Remuneration of Immediate Family Member of Directors or Substantial Shareholders

Save for Gabriel Giovani Sugiono who is the son of the Executive Chairman and CEO of the Company, there are no employees who are immediate family members of a Director or the CEO and whose remuneration exceeded S$50,000 per annum during the financial period under review.

Details of Employee Share Scheme

A Resources Prima Group Limited Employee Share Option Scheme (the "**Scheme**") and a Resources Prima Group Limited Performance Share Plan (the "**Plan**") were approved by the shareholders at an Extraordinary General Meeting held on 7 May 2010. Further details of the Scheme and the Plan are set out in the "Directors' Report" section of this Annual Report.

No Share Options were granted or released or vested pursuant to the Scheme for FY2017 and no options were outstanding at 31 December 2017.

In respect of the Plan, 147,000,000 share awards, were granted during FY2017, however no share awards have been released, vested or were exercised since the commencement of Plan to end of financial year under review.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is committed to ensure compliance with the Catalist Rules. The Directors have each signed the respective undertaking in the form set out in Appendix 7H of the Catalist Rules to undertake to use their best endeavors to comply with the Catalist Rules and to procure that the Company shall so comply. Similar undertakings have been executed by the Chief Operating Officer and CFO in their capacity as Executive Officers.

The Board provides shareholders with annual financial reports and announces promptly, quarterly and yearly financial results or if not seeks the prior approval of the relevant regulatory authorities and if so makes the appropriate announcements. It is the aim of the Board to include analyses in these reports of sufficient detail to provide a balanced and understandable assessment of the Company's financial performance, position and prospects.

The Board also takes adequate steps to ensure compliance with legislative and regulatory requirements and observes obligations of continuing disclosure under the Catalist Rules. For example, in line with the Catalist Rules, the Board provides a negative assurance confirmation to shareholders in respect of the interim unaudited financial statements. The Board also provides shareholders with periodic updates and monthly reports through announcements, where necessary, with regard to the Group's status and business developments.

A consolidated analysis of the Group's financial statements is provided to the Board on a quarterly basis. Detailed management accounts of the Company and operating subsidiaries are provided to the Board and further analysis/information is provided on specific request.

Risk Management and Internal Controls

Principle 11: 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 the 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 ensures the conduct of an annual review of the adequacy and effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management. In this respect and for the FY2017, the ARMC reviewed the audit plans from the internal auditor, based on the findings of the previous year's review. However due to the loss of control of Rinjani, the Group's main operating subsidiary, the 2017 internal audit review was suspended until there is more clarity on the continuing operations of the Company and the Group. The ARMC has reviewed the audit plans and the findings of the review undertaken by the external auditor as part of their statutory audit and ensures that the Company acts on the recommendations, if any, of the external auditor, as appropriate.

The Group has in place a system of internal control and risk management to ensure proper accounting records and reliable financial information as well as management of business risks with a view to safeguarding shareholders' investments and the Company's assets. The risk management structure comprises a Chief Risk Officer ("**CRO**") who is responsible to the ARMC for implementing the risk management plan and providing the appropriate reports. John Watson, the CFO of the Group, is tasked with the responsibilities of the CRO. The financial risk management objectives of the Group are set out in pages 103 and 107 of this annual report.

The Board notes that the system of internal control and risk management established by the Management provides reasonable, but not absolute assurance that the Group will not be significantly 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 control and risk management can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision-making, human error, losses, fraud or other irregularities.

For FY2017, the Board has received letters of assurance from the CEO and the CFO 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 regarding the effectiveness of the Company's risk management and internal control systems. Based on the confirmations received from the CEO and CFO, the prior year's work performed by the internal auditors and the current year's work performed by the external auditors, the Board, with the concurrence of the ARMC, is of the opinion that the Group's current internal control procedures are sufficient in addressing financial, operational, compliance, information technology controls and risk management systems are adequate and effective.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The ARMC of the Company comprises Mr Chow Wai San and Mr Khoo Song Koon, both of whom are Independent Directors. The ARMC is chaired by Mr Chow Wai San. The current composition of the ARMC falls short of the requisite minimum 3 as set out under the Code. Accordingly, the Company has written to SGX-ST through its Sponsor seeking an extension of time to appoint a 3rd independent director. The SGX-ST has granted the Company an extension to 28 September 2018 for such appointment. The Board is in the process of sourcing for suitable candidates who can strengthen the experience and expertise of the Board and Board Committees.

Mr Chow Wai San and Mr Khoo Song Koon who are both Chartered Accountants provide the Board and ARMC with relevant financial experience and professional expertise in *inter alia* debt restructuring and mergers and acquisition which are relevant to the current position of the Company.

The overall objective of the ARMC is to ensure that the Management has created and maintained an effective control environment in the Company. The ARMC has explicit authority to investigate on any matter within its terms of reference and has full access to and co-operation by the Management. The ARMC also has full discretion to invite any Director or executive officer to attend its meetings and reasonable resources to enable it to discharge its functions properly.

The ARMC is guided by its terms of reference. The ARMC's duties and functions include:

(a) reviewing with the internal and external auditors the audit plan, scope of work, their evaluation of the system of internal accounting controls, their management letter and Management's response and results of the audits conducted by the internal and external auditors of the Group;

(b) reviewing the scope and results of the external audit and the independence and objectivity of the external auditors;

(c) reviewing the periodic consolidated financial statements and results announcements before submission to the Board for approval, focusing, in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;

(d) reviewing the internal controls and procedures and ensure co-ordination between the external auditors, internal auditors and the Management, and review the assistance given by the Management to the auditors and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);

(e) ensuring that annual internal controls audits are commissioned until such time it is satisfied that the Group's internal controls are robust and effective. Further, the ARMC may initiate such internal controls audits as and when it deems fit to satisfy itself that the Group's internal controls remain robust and effective;

(f) reviewing and approving all formal hedging and trading policies (if any) and ensure that adequate procedures are in place, prior to implementation by the Group;

(g) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;

(h) reviewing and reporting to the Board at least annually the risk profile of the Group, effectiveness and adequacy of its internal controls and risk management procedures, including accounting, financial, operational, compliance and information technology controls and procedures and the appropriate steps to be taken to mitigate and manage risks at an acceptable level determined by the Board;

(i) considering the appointment, remuneration, terms of engagement or re-appointment of external and internal auditors, and matters relating to the resignation or dismissal of the auditors;

(j) reviewing and approving any transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);

(k) reviewing potential conflict of interests, if any, and take any necessary steps to resolve and mitigate such conflict of interests;

(l) reviewing significant financial reporting issues and judgments with the CFO and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;

(m) reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;

(n) reviewing the policy and arrangements by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;

(o) undertaking such other review and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the ARMC; and

(p) generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time.

In addition, the ARMC will have the discretion to investigate any matter within its terms of reference and also direct an independent review of the risk management procedures of the Group and the frequency of such review.

In the event that a member of the ARMC is interested in any matter being considered by the ARMC, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

The ARMC will also meet separately with the external auditors and the internal auditors, as well as meet among themselves in the absence of the Management, when necessary but at least annually, so as to be able to react to potential concerns when they are identified. The ARMC reviews the independence of the external auditors annually.

The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors. Save for Johan Malonda Mustika and Rekan which is a member of Baker Tilly International, the Company confirms that there are no other external auditors auditing the Group's companies.

For the financial period under review, the aggregate amount of fees paid or payable to the Company's external auditors, Baker Tilly TFW LLP, was S$80,200 comprising S$77,500 of audit fees and S$2,700 of non-audit fees for taxation services whereas the aggregate amount of fees paid or payable to Johan Malonda Mustika and Rekan which is a member of Baker Tilly International was approximately S$10,700 entirely comprising audit fees. The ARMC confirms that it has undertaken a review of all non-audit services provided by the external auditors, and is satisfied that the nature and extent of such non-audit services will not, in the ARMC's opinion, prejudice the independence and objectivity of the external auditors. Accordingly, the ARMC has recommended to the Board, the nomination of Baker Tilly TFW LLP, the external auditors of the Company, for re-appointment at the forthcoming AGM.

During FY2017, the Company had in place a whistle-blowing framework by which any staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters with the ARMC Chairman and/or the Lead Independent Director and other Independent Directors, as necessary. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. No such whistle-blowing letter was received in FY2017.

The external auditors provided regular updates and periodic briefings to the ARMC on changes or amendments to accounting standards to enable the members of the ARMC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

No former partner or director of the Company's current auditing firm or auditing corporation is a member of the ARMC.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' investments and the Group's businesses and assets, while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The ARMC approves the appointment, removal, evaluation and compensation of the internal auditor. As the current size of the operations of the Group does not warrant the Group having an in-house internal audit function, the Company and the Group outsourced the internal audit function to Deloitte & Touche Enterprise Risk Services Pte Ltd for a 3-year (2015 to 2017) engagement period commencing with the financial year ended 31 December 2015. The internal auditor reports directly to the ARMC and has unrestricted access to the documents, records, properties and personnel of the Company and of the Group.

The primary objectives of the internal audit function are to:

(a) assess if adequate systems of internal controls are in place to protect the assets of the Group and to ensure control procedures are complied with;

(b) assess if operations of the business processes under review are conducted efficiently and effectively; and

(c) identify and recommend improvement to internal control procedures, where required.

Before the commencement of the internal audit, the internal auditor will propose an internal audit plan to the ARMC and obtain the approval of the ARMC before the internal auditor can proceed with the internal audit plan. The findings of such internal audit are submitted by the internal auditor to the ARMC for their review. Under the 3-year internal audit plan, the internal audit covers internal controls associated with; general control environment, health, safety and environment, fixed asset management (capital expenditure), contract and mining contractor management, revenue, credit control and collections, purchases, payables and expenses, inventory and facility management, human resources and payroll, bank and cash management, related party and interested person transactions. Subsequent to completion of the internal audit, internal audit findings and corresponding responses from the Management to address these findings were reported and presented at the meeting of the ARMC.

Following the cessation of all coal production by Rinjani, the Group's main operating subsidiary on 23 June 2017 as announced by the Company on 28 June 2017, the Group subsequently lost control of Rinjani on 24 August 2017. Accordingly and following the cessation of all coal production from Rinjani's mine site, the operations of RPG Trading and EIR, which are dependent on coal produced by Rinjani, have also been suspended. As a result of the above and the dire circumstances that the Group was facing as a result, the then ARMC decided to suspend the 2017 internal audit plan, being the final year of the 3-year engagement of the outsourced auditor.

Although EIR recommenced its operations under the CAN agreement in October 2017, given the size of its operations and the circumstances of the Group, no other internal work was performed in 2017.

The current ARMC, which comprises the 2 independent directors appointed on 1 December 2018, notes the following:

a. the internal audit function was outsourced to Deloitte & Touche Enterprise Risk Services Pte Ltd since 2015 and no major issues have been raised by the internal auditors based on the previous work done under their internal audit engagement for the financial years ended 31 December 2015 and 2016;

b. the recent changes in certain controls in view of the current circumstances of the Group, including without limitation the change of bank signatories to include the independent directors and/or senior management and other measures as well as the close monitoring of the current operations of the Group by the Management;

c. no significant weakness in the internal control system have come to the attention of the external auditors to cause them to believe that the system of internal controls is inadequate in any material nature during the external auditors' examination and evaluation of the system of internal controls to the extent as required by them to form an opinion on the financial statements;

d. assurances (quarterly) from the CEO and CFO of the Group to Principle 11.1 of the Code of Corporate Governance 2012; and

e. the current circumstances and operations of the Group.

The ARMC annually reviews the adequacy of the internal audit function to ensure that the internal audit resources are adequate and that the internal audits are performed effectively. Should there be any change in the above circumstances, the ARMC will implement the necessary and appropriate measures to ensure the effectiveness of the internal control function, including but not limited to ensuring that the internal audit function is adequately resourced with suitably qualified and experienced professionals with the relevant experience, and that the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors are used as a reference and guide by the internal auditor when carrying out the internal audit work.

During the financial year under review, the then ARMC has met with the internal auditor without the presence of the Management.

COMMUNICATION WITH SHAREHOLDERS

Shareholder Rights
Communication with Shareholders
Promoting Greater Participation by Shareholders

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle16: 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.

Announcements of the Company's quarterly and full year results are done via SGXNet. All information on the Company's new developments is communicated to shareholders on a timely basis via SGXNet.

Shareholders can have access to the Company's financial information as well as the developments of the Company through the public records and may also communicate directly with the Company .

During the financial year under review, the Company communicated with its shareholders on a timely basis, through its Investor Relations group, annual reports, financial statements announcements, notice of and explanatory memorandum for general meetings, press releases and disclosures to the Singapore Exchange Securities Trading Limited. The Company does not practise selective disclosure. In line with the continuous obligations of the Company under the Catalist Rules and the Companies Act (Chapter 50) of Singapore, the Company's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

Shareholders are informed of general meetings through announcements released via SGXNet and notices contained in the annual reports or circulars sent to all shareholders. All shareholders are entitled to attend the Company's general meetings and are given the opportunity to communicate their views on various matters affecting the Company and the Group at the general meetings. This serves as a good platform for them to meet with the Board and the Management to clarify concerns relating to the Company's and the Group's performance and direction. Shareholders are encouraged to articulate their views on matters relating to the Company and the Group or question the Board on issues pertaining to the resolutions proposed at the general meetings. Shareholders will also be briefed by the Company on the rules, including voting procedures that govern general meetings.

The Company does not have a formal dividend policy. The form, frequency and amount of declaration and payment of future dividends on shares of the Company that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Directors:

(a) the level of cash and retained earnings;

(b) the actual and projected financial performance and financial conditions;

(c) projected working capital requirements;

(d) projected levels of capital expenditure and other investment plans; and

(e) restrictions on payment of dividends imposed on the Group by its financing arrangements or other agreements (if any).

The Board does not recommend any payment of dividends for FY2017 as the Company does not have sufficient profits to declare dividends.

The Company's Constitution allows a member (other than a relevant intermediary as defined in Section 181 of the Companies Act) to appoint one or two proxies to attend and vote at its general meetings. The Companies Act allows relevant intermediaries, which include CPF Approved nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF Approved Nominees' proxies. Voting in absentia by mail, email or fax is currently not permitted under the Company's Constitution until security, integrity and other pertinent issues are satisfactorily resolved.

The Chairman of the Board and the respective Chairmen of the ARMC, NC and RC are normally present and available to address shareholders' questions at general meetings. If a specific member of the Board to whom a question is addressed is not present, another member of the Board or an executive officer of the Company who is present will address the question. The Company's external auditors are also present to address shareholders' queries relating to the conduct of the audit and the preparation and content of the auditors' report. Where deemed appropriate, the Board may call upon other professional service providers to address queries.

The Company will have separate resolutions at general meetings on each distinct issue. All resolutions at the forthcoming AGM will be put to vote by poll. This will be in compliance with the requirements of the Catalist Rules and allow greater transparency and more equitable participation by shareholders.

The proceedings of the AGM will be properly recorded, including all comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and the Management, and these minutes will be available to shareholders upon their request.

INTERESTED PERSON TRANSACTIONS

The Company has an internal policy in respect of any transactions with interested persons and has in place a process to review and approve any interested person transaction.

The Company does not have any general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules for FY2017. Save for interested person transactions with a total value of less than S$100,000, there were no interested persons transactions entered into by the Group during FY2017.

DEALINGS IN SECURITIES

In line with Rule 1204(19) of the Catalist Rules on Dealing in Securities, the Company has formed and adopted its own internal compliance code to provide guidance to its officers with regards to dealing by the listed issuer and its officers in its securities by issuing circulars to its Directors and employees, to remind them that (i) they should not deal in shares of the Company on short-term considerations or if they are in possession of unpublished material price-sensitive information; and (ii) they are required to report on their dealings in shares of the Company. The Directors and employees are also reminded of the prohibition in dealing in shares of the Company two weeks before the announcement of the Company's quarterly and one month before the announcement of the Company's full year financial statements.

It is noted that the shares of the Company have been suspended from trading on 29 June 2017.

MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholders, either still subsisting at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2017:

- Service agreements entered into between the Executive Director and the Company;

USE OF PROCEEDS

On 12 November 2014, the Company issued 83,000,000 new shares in the capital of the Company at an issue price of S$0.20 per new share thereby raising gross proceeds of S$16.6 million. Following the loss of control of Rinjani, the balance proceeds of S$38,000 (as stated in the Company's announcement dated 6 June 2018 in respect of the unaudited full year results) which were intended to be used for upgrading of coal mining facilities is no longer available to the Company.

RISK MANAGEMENT POLICIES AND PROCESSES

Details of risk management policies and processes can be found in Note 25 to the accompanying financial statements.

NON-SPONSORSHIP FEES

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's sponsor SAC Capital Private Limited for FY2017.

SUSTAINABILITY **REPORT**

ABOUT THIS SUSTAINABILITY REPORT

We are pleased to present our inaugural sustainability report of the Company for FY2017 and as such commence the Group's formal annual documentation of its sustainability pathway and efforts.

The report is developed in accordance with the Global Reporting Initiative ("**GRI**") Standards 2016: Core option and is set out on a "comply or explain" basis in accordance with Rule 711B and Practice Note 7F of the Catalist Rules. The Company has chosen the GRI framework as the reporting framework to drive reporting and disclosure for a number of reasons including; its international recognition, provision of different levels of compliance suitable for first year implementation and its close alignment to SGX-ST requirements.

Although this is the first formal sustainability report of the Company, the Company has been reporting on sustainability since 2014 through its 'corporate social responsibility' or 'sustainability' section in its previous annual reports, specifically in relation to the issues of environment, health and safety and governance pertaining to its coal mining operations.

This report covers the range of Environmental, Social and Governance ("**ESG**") activities of the Group, from 1 January 2017 to 31 December 2017. It outlines the Group's materiality determination and assessment process for the following key areas: Environmental Performance, Social Development and Governance.

Given the cessation of the Group's coal mining operations in June 2017 and following the Company's loss of control of Rinjani in August 2017, the sustainability indicators and performance in this report cover only the coal hauling operations of EIR which are provided to the Company's sole customer in East Kalimantan, Indonesia.

The Group has not sought external independent assurance for this reporting period, but will consider doing so in the future as sustainability reporting matures.

BOARD STATEMENT ON SUSTAINABILITY

The Group is committed to good corporate governance and sustainable business processes that foster best practices, transparency, accountability and integrity for the long-term sustainability of our business and value creation for our stakeholders.

In doing so the Board recognizes the importance of determining the Group's material ESG issues and as such has in accordance with its responsibilities reviewed and signed off on the material ESG issues for the FY2017 reporting period.

THE GROUP AT A GLANCE

The Company was incorporated on 27 December 1986 in Singapore and following a reverse takeover on 12 November 2014 was renamed Resources Prima Group Limited (formerly Sky One Holdings Limited). As at 31 December 2017, details of the Company's beneficial ownership, including the identity and ownership of the largest shareholders are included on pages 113 to 114 of the Annual Report.

Following the reverse take over, the Group became a mine owner and primarily engaged in the business of coal exploration and coal mining, in East Kalimantan. The mine operations have continued until the Group lost control of its main operating subsidiary Rinjani in August 2017. The Group's remaining and sole activity is coal hauling by the Company's 100% owned subsidiary EIR. This loss of control has also resulted in a significant reduction in all areas of the Group including revenue, procurement activity, manpower strength, membership of associations as well as the level of engagement with stakeholders.

At 31 December 2017, the Group's main operating assets consisted of 19 coal hauling trucks, capable of hauling up to a maximum of 100,000 tonnes of coal per month. Total full time manpower of the Group at 31 December 2017 amounted to approximately 70, the majority of which are employed on a contract basis and located at the Group's sole coal hauling site in East Kalimantan. Other key financial information of the Group for the year being reported upon includes net sales and total assets of US$0.3 million and US$1.2 million respectively.

The Group is a member of the following associations:

- Singapore Business Federation

OUR APPROACH TO SUSTAINABILITY

Sustainability Governance

The Board of the Company is ultimately responsible for the sustainability direction of the Group and provides formal oversight of the Group's sustainability progress thus ensuring the sustainability agenda is integrated with the Group's business and strategic decisions.

The sustainability efforts are driven by the executive management team comprising the CEO, Chief Operating Officer and CFO. As the business operations expand and evolve, the sustainability efforts will be transferred to a formal sustainability working group which will be responsible for implementing, monitoring and reporting on such efforts.

Business and Operational Risk Management

The Company values integrity and honesty and drives a strong business ethic as fundamental for a sustainable business operation. Risk management has played an important part in determining operational risks and establishing improved controls or mitigating actions thus reducing the risks of business interruptions. Following the loss of control over the Group's main operating subsidiary the risk management functions and activities have been similarly curtailed.

Business Ethics, Anti-corruption and Compliance

A zero tolerance approach is taken against corrupt practices and this is communicated to our employees, major suppliers and business partners.

During the Group's employment process, the Group's policy with regard to code of conduct and business ethics is highlighted to all employees together with the consequences of any violations and grievance reporting procedures are embodied in the Group's whistle-blowing policy. Compliance with rules and regulations is paramount and policies have been issued to manage and safeguard the Group's information systems and data albeit on a smaller scale with the loss of control over Rinjani.

For FY2017, the Group incurred no significant fines or non-monetary sanctions for non-compliance with laws and regulations. There have also been no reported incidents of corruption during the reporting period.

Diversity

While the Group has been actively addressing the diversity indicators of gender, skill and experience in past years, with the loss of control of Rinjani and the significant reduction in manpower numbers, the progress made has taken a backwards step in FY2017 and has not been assessed as a material ESG issue. That being said, as the business of the Group is regenerated and expanded in the foreseeable future, diversity will be reintroduced as an important issue for future action.

GROUP MATERIAL ISSUES FOR SUSTAINABILITY

Material Issues in the Supply Chain

- Procurement

  The Group procures high-quality spare parts and materials from reliable local suppliers. In accordance with this policy the Group also procures genuine spare parts from the manufacturer's official agents which may not necessarily be from and to the benefit of local suppliers. All procurement, however, is done within Indonesia.

- Coal hauling services

  The Group provides coal hauling services to its sole customer in East Kalimantan based on a 2-year agreement that commenced in November 2017.

- Reuse & disposal

  Where possible the Group minimizes waste by refurbishing and reconditioning spare parts and manages the storage, use and disposal of waste products primarily diesel, lubricants and used tyres responsibly.

Materiality Assessment Process

The material issues that are relevant to the Group are dependent on their degree of influence on our stakeholders' decisions and the significance of the economic, environmental and social impacts to our business.

The Group recognises that essential to the materiality assessment process is the identification of stakeholders' concerns that may impact their decision making and for the Group to systematically formulate plans to address those issues that may impact long-term sustainable business growth. As such, the materiality assessment process follows an "Identify → Rate → Prioritise → Validate" process.

	Assessment Steps	**Materiality Assessment Process**
1	Identify	Listing of potential material issues (economic, environment, social and governance)
2	Rate	Grouping or clustering and rating/ranking of issues
3	Prioritise	Prioritisation of potential issues based on likelihood and impact
4	Validate	Preparation of a summarised ranking of the material issues for presentation to the Board for discussion and validation

Stakeholders are integral to the sustainability of the Group's business. It is therefore a fundamental tenet of the Group's business sustainability processes to proactively engage, identify and address the concerns of our key stakeholders. This increases accountability and strengthens stakeholder confidence towards the Group.

As part of our materiality assessment process, we have identified our key stakeholders who have direct influence on our business and operations. The following table identifies our key stakeholders, engagement activities, stakeholders' concerns and the Group's responses:

Identify				
	Stakeholders	**Engagement Activities**	**Stakeholder's Concerns**	**Group Response**
1	Business partners and suppliers	• Regular email & telephone communications • Business meetings	• Strong long term relationships • Quality and reliability of supply chain • Security of payment	• Identifies cost efficient suppliers via market research, ethical procurement practices and competitive bidding • All suppliers treated equally for invoice payment
2	Employees	• Performance review meetings • Email • Internal meetings • Whistle blowing and other key policies	• Security of employment • Conducive and safe work environment • Adequate rewards & benefits	• Compliance with Government Manpower Laws and Regulations to ensure safe working conditions especially at the coal hauling sites • Government approved employee handbook issued together with whistle blowing policy to all new employees • Annual performance reviews
3	Communities	• Meetings & special events	• Support & improvement of local communities	• Provide economic support including local employment where appropriate
4	Shareholders/ Investors	• SGXNet announcements • Annual General Meetings	• Transparency, balanced and timely updates of key information and business developments • Corporate governance • Financial performance • Steps taken for the resumption of trading • Business outlook	• Regular & timely updates via SGXNet announcements • Holdings of annual general meetings • Adoption of good corporate governance practices
5	Regulatory authorities and agencies	• Formal meetings & presentations to the local Indonesian authorities where required • Communications with the SGX-ST through the Catalist Sponsor • Regulatory reporting	• Compliance with laws & regulations	• Regular communications • Strong focus on compliance processes based on transparency and timeliness
6	Financiers	• Financial and compliance reporting • Meetings	• Compliance with agreement/contract terms and conditions	• Adherence to terms & conditions • Timely reporting as required

Following the material assessment identification process and assessing stakeholder concerns and managements response, together with the business implications, the Group has identified the following 7 material issues which can be classified as follows:

Rate			
Economic	**Environment**	**Social**	**Governance**
Financial & economic performance	Environmental protection	Secure working environment	Transparency & good corporate governance
Strong business & supplier relationships	–	Support of local communities	Regulatory compliance

For the material issues selected for this reporting period the materiality matrix below rates each issue as either high, medium or low priority and plots each material issue and their impact on the Group's business against their influence on our stakeholders.

Prioritise				
		Impact – Group's Business		
		Low	**Medium**	**High**
Influence - Stakeholders	**High**	–	• Environmental protection	• Financial & economic performance • Transparency & good corporate governance
	Medium	• Support of local communities	• Strong business & supplier relationships	• Secure working environment • Regulatory compliance
	Low	–	–	–

For reporting purposes, the material issues are categorised into one of the three key areas being Economic and Environmental Performance, Social Development and Governance.

Material Economic and Environmental Performance, Social Development and Governance Issues

1. Financial & Economic Performance (including resumption of trading)

   a. Trading resumption and improvement of the Group's economic performance is one of the most vital issues for the Company to address with the aim of returning value to its shareholders.

   The Company's Board and Management are working tirelessly to lodge a resumption of trading proposal with the SGX-ST by 28 September 2018 and in this respect, have on 6 August 2018 announced the execution on an investment agreement which will provide a minimum investment of S$4 million for working capital.

   Please see the relevant sections of this annual report for further information on the above.

   b. It is of utmost importance for the Group's current financial and economic performance to improve in order to stabilize the financial position of the Group and create value for our stakeholders in the long term. In this respect, Management worked and continues to work with PT Coalindo Adhi Nusantara ("**CAN**") to improve the efficiency of the coal hauling operations as well as commercial viability of the contract. An improved financial and economic performance will contribute to the resumption of trading proposal referred to a above. In addition to the above, the Company is also looking into the injection of a new sustainable business for the Group.

The Board and Management will work towards satisfying the requirements of a resumption of trading by addressing both financial and business viability issues in the coming year.

2. Transparency & good corporate governance

The Group is committed to good corporate governance, accountability and transparency in all its activities. The Group observes a high standard of corporate conduct, integral to ensuring the sustainability of its business and performance and recovering shareholder value.

The Company was ranked 151 out of 606 companies (2016 ranking: 474) in the Singapore Governance and Transparency Index 2017 in Singapore. This annual study was prepared through a collaboration between CPA Australia, NUS Business School's Centre for Governance, Institutions and Organisations (CGIO), and Singapore Institute of Directors (SID).

The details of the Company's corporate governance for FY2017, are documented in this Annual Report under the section titled Corporate Governance Report and include key policies including a whistle blowing policy as well as a code of conduct and ethics policy. The key issues covered by these policies and the mechanisms for reporting include:

- fraud, corruption and/or theft
- discrimination
- sexual or physical abuse
- honest and ethical conduct
- conflict of interest
- compliance withal applicable rules and regulations, and
- proper use of company assets

The Board and Management will strive to continue to maintain good corporate governance, transparency, and provide timely updates of the Group's affairs going forward.

3. Safe Working Environment

The health and safety of our employees, details of which are noted in the section "The Group At A Glance", are extremely important to ensure a stable and productive workforce. A stable and productive workforce contributes directly to the Group achieving its key performance targets for mechanical availability of its coal hauling trucking fleet and as such improved financial and economic performance of the current operations.

The Group's health and safety policies and procedures which include speed limits, coal hauling load limits, truck fault reporting, required rest periods and designated smoking areas have been implemented to ensure that there are well-developed and robust processes in place to identify and prevent health and safety risks to complement Government of Indonesia safety management rules and regulations and the Group's code of conduct.

The Group's safety performance targets include zero deaths and serious injuries requiring inpatient care.

In FY2017, the Group did not encounter any major work related safety issues and had achieved the performance targets mentioned above.

4. Regulatory Compliance

   Regulatory compliance requires the Group's organization's adherence to laws, regulations, guidelines and specifications relevant to its business. Violations of regulatory compliance regulations may have a pervasive impact across the Group including to the detriment of the Group's business operations, financial and economic performance and shareholder value.

   The Board and Management are fully aware of the need for regulatory compliance and has processes and procedures in place to avoid breaches and if cases do arise, then for an immediate corrective actions to be taken.

   For FY2017, no regulatory breaches were reported to the Group.

5. Environmental Protection

   The Group understands and is responsive to its stakeholders' demands for protection of the environment.

   Environmental management is one of the critical aspects of the Group's sustainability programme as a result of its operational environment. The Group's programme is managed in conjunction with the Group's customer as its customer is directly responsible for the protection of the work operating environment and surrounding communities.

   The Group will continue to ensure that proper controls and environmental management systems are in place to monitor or restrict contaminants from polluting the air, ground and/or water system. The key objective is to control pollution of all forms, including dust and noise and make it a priority to abide by all local and international laws and guidelines relating to the handling and disposal of hazardous substances and waste, primarily diesel, lubricants and used tyres.

   The Group also commits to minimizing waste and reduce emissions by refurbishing and reconditioning truck parts which are damaged or are not functioning effectively. In this respect the Group's targets include, *inter alia*, zero penalties or sanctions from regulatory authorities arising from environmental damage and zero coal hauling days lost from community complaints and/or disruption to coal hauling due to non-compliant coal hauling activities.

   In FY2017, the Group again did not encounter any major issues in relation to the environment and had achieved the targets set out above.

6. Strong Business & Supplier Relationships

   The Group's business partners, including suppliers and customers, are integral to the success of our business. The Group therefore strives to know (know your client) and understand our business partners so that trust and loyalty can be built with them. Once trust and loyalty are established the Group believes this would ensure the business relationship is sustainable and enhance future growth and therefore the profitability of the Group.

   Frequent communication and continuous engagement between the Group and our business partners ensures the Groups business partners are kept up to date with existing business conditions, progress and development.

7. Support of & Improvement of Local Communities

   As part of the Group's commitment to fulfilling its corporate social responsibility obligations, the Group remains committed to building positive and long term relationships within the local community where it operates through establishing mutual respect, trust, understanding and effective communications. As is the case with the environment, the Group's efforts in this area are also managed in conjunction with the Group's customer.

   The emphasis in 2017 and future years are on programmes that serve the needs of the communities impacted by our operations and business partners. As such the actions of the Group that have most impact and provide a real tangible benefit include prioritising the employment of local manpower including security, coal hauling truck drivers, maintenance and administration personnel and well as the use of local suppliers of goods and services whenever possible.

GRI Content Index

GRI General Standard Disclosures		***Page References***
1. Organizational profile		
GRI 102: General Disclosures	1. General	
	102-1 Name of the organization	Resources Prima Group Limited
	102-2 Activities, brands, products, and services	Pages 34-35
	102-3 Location of headquarters	Page 12
	102-4 Location of operations	Page 35
	102-5 Ownership and legal form	Pages 34, 113 to 114
	102-6 Markets served	Page 34
	102-7 Scale of the organization	Pages 34-35
	102-8 Information on employees and other workers	Page 35
	102-9 Supply chain	Page 36
	102-10 Significant changes to the organization and its supply chain	Page 34
	102-11 Precautionary Principle or approach	NA-Inaugural report
	102-12 External initiatives	Page 34
	102-13 Membership of associations	Page 35
	2. Strategy	
	102-14 Statement from senior decision-maker	Page 34
	3. Ethics and integrity	
	102-16 Values, principles, standards, and norms of behaviour	Pages 34-35
	4. Governance	
	102-18 Governance structure	Page 35
	5. Stakeholder engagement	
	102-40 List of stakeholder groups	Page 37
	102-41 Collective bargaining agreements	NA-The management has not adopted any collective bargaining agreements
	102-42 Identifying and selecting stakeholders	Page 37
	102-43 Approach to stakeholder engagement	Pages 36 to 37
	102-44 Key topics and concerns raised	Page 37

SUSTAINABILITY **REPORT**

GRI General Standard Disclosures		***Page References***
	6. Reporting practice	
	102-45 Entities included in the consolidated financial statements	Page 34
	102-46 Defining report content and topic boundaries	Page 34
	102-47 List of material topics	Page 38
	102-48 Restatements of information	NA-Inaugural report
	102-49 Changes in reporting	NA-Inaugural report
	102-50 Reporting period	Page 34
	102-51 Date of most recent report	NA-Inaugural report
	102-52 Reporting cycle	Page 34
	102-53 Contact point for questions regarding the report	Page 12
	102-54 Claims of reporting in accordance with the GRI Standards	Page 34
	102-55 GRI content index	Pages 41-43
	102-56 External assurance	Page 34
Financial & Economic Performance		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	Pages 38-39
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	
	201-2 Financial implications and other risks and opportunities due to climate change	
	201-3 Defined benefit plan obligations and other retirement plans	
	201-4 Financial assistance received from government	
Transparency and Good Corporate Governance		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	Page 39
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI205: Anti-Corruption	205-1 Operations assessed for risks related to corruption	
	205-2 Communication and training about anti-corruption policies and procedures	
	205-3 Confirmed incidents of corruption and actions taken	
Environmental Protection		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	Page 40
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 307; Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	

GRI General Standard Disclosures		***Page References***
Regulatory Compliance		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	Page 40
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	
Secure & Safe Working Employment		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	Page 40
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3 Parental leave	
Strong Business & Supplier Relationships		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	Page 40
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	
Support of Local Communities		
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	Page 40
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	
	413-2 Operations with significant actual and potential negative impacts on local communities	

Note: The Company takes a phased approach to the adoption of GRI indicators and will review and address the relevant indicators marked “NA” on an annual basis.

DIRECTORS' **STATEMENT**

The directors present their statement to the members together with the audited consolidated financial statements of Resources Prima Group Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017.

Opinion of the directors

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 57 to 112 are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore; and

(ii) at the date of this statement, after considering the matters as described in Note 3(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Agus Sugiono
Khoo Song Koon (Appointed on 1 December 2017)
Chow Wai San (Appointed on 1 December 2017)

Arrangement to enable directors to acquire benefits

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 objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than share options and share awards as disclosed in this statement.

Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
Name of directors and companies in which interest are held	**At 1.1.2017**	**At 31.12.2017**	**At 1.1.2017**	**At 31.12.2017**
Ultimate holding company				
Madrone Enterprises Limited				
Agus Sugiono	–	–	1[#]	1[#]
Gabriel Giovani Sugiono (Resigned on 31 May 2018)	1[@]	1[@]	–	–
Company				
Resources Prima Group Limited				
Agus Sugiono	–	–	742,384,980[#]	742,384,980[#]
Gabriel Giovani Sugiono (Resigned on 31 May 2018)	–	–	742,384,980[*]	742,384,980[*]

Notes:

* Pursuant to the Act, Gabriel Giovani Sugiono is deemed to have an interest in the shares of the Company held by Madrone Enterprises Limited in which he is the ultimate beneficial owner.

\# Pursuant to the Act, Agus Sugiono is deemed to have an interest in the shares held directly and indirectly by his son, Gabriel Giovani Sugiono.

@ The sole shareholder of Madrone Enterprises Limited is Joyful Sky Limited, incorporated in British Virgin Islands, which holds the share as a nominee of Gabriel Giovani Sugiono.

The directors, Agus Sugiono and Gabriel Giovani Sugiono, by virtue of Section 7 of the Act are deemed to have an interest in the shares held by the Company in its wholly-owned subsidiaries.

DIRECTORS' **STATEMENT**

Directors' interests in shares or debentures (cont'd)

Agus Sugiono and Gabriel Giovani Sugiono, by virtue of their interest of not less than 20% of the issued share capital of the Company are deemed to have an interest in the shares held by the Company in the following subsidiaries that are not wholly-owned by the Group:

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
Name of directors and companies in which interest are held	**At 1.1.2017**	**At 31.12.2017**	**At 1.1.2017**	**At 31.12.2017**
Subsidiaries				
PT Pilar Mas Utama Perkasa				
Agus Sugiono	–	–	8,000	20,000
Gabriel Giovani Sugiono (Resigned on 31 May 2018)	–	–	8,000	20,000

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
Name of directors and companies in which interest are held	**At 1.1.2017**	**At 31.12.2017**	**At 1.1.2017**	**At 31.12.2017**
Subsidiaries				
PT Rinjani Kartanegara				
Agus Sugiono	1	1	399	399
Gabriel Giovani Sugiono (Resigned on 31 May 2018)	–	–	399	399

The directors' interests in the ordinary shares of the Company as at 21 January 2018 were the same as those as at 31 December 2017.

Share options and share awards

At an Extraordinary General Meeting held on 7 May 2010, shareholders of the Company approved the Employee Share Option Scheme (the "Scheme") for the granting of non-transferable options that are settled by issuance or transfer of the ordinary shares of the Company, in the name of the Central Depository (Pte) Limited ("CDP"), for credit to the securities account of participants or that participant's securities sub-account with a Depository Agent.

The shareholders also approved the Performance Share Plan (the "Plan") for the granting of shares that are settled by allotment or transfer of the ordinary shares of the Company on the release of an award to a participant to be issued in the name of, or transferred to, CDP to the credit of either, the securities account of that participant maintained with CDP; or the securities sub-account of that participant maintained with a Depository Agent, or the Central Provident Fund ("CPF") investment account maintained with a CPF agent bank.

Share options and share awards (cont'd)

The Remuneration Committee ("RC") is responsible for administering the Scheme and the Plan. At the date of this statement, the members of the RC are Khoo Song Koon (Chairman) and Chow Wai San.

No share options were granted or released or vested pursuit to the Scheme for FY2017 and no options were outstanding at 31 December 2017.

In respect of the Plan, 147,000,000 share awards, the details of which are noted below, were granted during FY2017.

Details of Share Award Grants – Directors and Other Employees		
a.	Date of grants	10 April 2017
b.	Number and class of shares which are the subject of the share awards	107,000,000 Ordinary shares
c.	Validity period	4-year period from 1 January 2017 ending 31 December 2020.
d.	Vesting period of the share awards and basis for vesting	The vesting of the awards is subject to performance conditions, as determined by the Remuneration Committee, being achieved for each financial year from 1 January 2017 to 31 December 2020 as well as the relevant participants continuing as a Director or an employee of the Company. The performance conditions include: • minimum audited net profit after tax ("**NPAT**") of US$5 million for each of the financial years ended 31 December 2017 and financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 (each a "**Performance Period**") • total cost of the aggregate number of award shares that may be released in respect for each Performance Period shall not exceed 25% of NPAT at the time of release

Details of Share Award Grants – Controlling Shareholders		
a.	Date of grants	26 April 2017
b.	Number and class of shares which are the subject of the share awards	40,000,000 Ordinary shares
c.	Validity period	4-year period from 1 January 2017 ending 31 December 2020.
d.	Vesting period of the share awards and basis for vesting	The vesting of the awards is subject to performance conditions, as determined by the Remuneration Committee, being achieved for each financial year from 1 January 2017 to 31 December 2020 as well as the relevant participants continuing as a Director or an employee of the Company. The performance conditions include: • minimum audited net profit after tax ("**NPAT**") of S$5 million for each of the financial years ended 31 December 2017 and financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 (each a "**Performance Period**") • total cost of the aggregate number of award shares that may be released in respect for each Performance Period shall not exceed 25% of NPAT at the time of release
Mr Agus Sugiono and Mr Gabriel Giovani Sugiono were granted share awards of 25,000,000 and 15,000,000 respectively following the approval of Shareholders' at the annual general meeting held on 26 April 2017.		

Share options and share awards (cont'd)

As at 31 December 2017, a total of 48,750,000 share awards remain outstanding following the resignation and/or termination of employees and directors who were granted the share awards and the lapse of awards as the performance target for FY2017 was not met. Details of which are set out below.

Name of participant	Balance as at 1 January 2017 ('000)	Share awards granted ('000)	Share awards vested ('000)	Share awards cancelled ('000)		Balance as at 31 December 2017 ('000)
				Termination/ resignation	Lapsed	
Controlling shareholders						
Agus Sugiono	–	25,000	–	–	6,250 [(2)]	18,750
Gabriel Giovani Sugiono[1]	–	15,000	–	15,000	–	–
Sub total	–	40,000	–	15,000	6,250	18,750
Directors						
Giang Sovann[1]	–	6,000	–	6,000	–	–
Low Yew Shen[1]	–	10,000	–	10,000	–	–
Russell Joseph Kelly[1]	–	5,000	–	5,000	–	–
Rozano Satar[1]	–	5,000	–	5,000	–	–
Sub total	–	26,000	–	26,000	–	–
Other employees						
Nordiansyah Nasrie	–	20,000	–	–	5,000 [(2)]	15,000
John Allan Watson	–	20,000	–	–	5,000 [(2)]	15,000
Other employees who are not key management[1]	–	41,000	–	41,000	–	–
Sub total	–	81,000	–	41,000	10,000	30,000
Total	**–**	**147,000**	**–**	**82,000**	**16,250**	**48,750**

[1] At the date of this report the directors and/or employees had either resigned or terminated. Please see the relevant footnotes on page 16 for further details.

[2] Share awards shall lapse after the period of 1 month from the date of the annual general meeting of the Company at which Shareholders have received and adopted the audited financial statements for FY2017 as the performance target of minimum audited net profit after tax had not been met.

No share awards have been released, vested or were exercised since the commencement of Plan to end of financial year under review.

Share options and share awards (cont'd)

No share awards will vest for FY2017 as the performance conditions have not been met. Of the 147,000,000 share awards granted in FY2017, 82,000,000 share awards have lapsed due to the resignation and/or termination of the participants. Of the balance 16,250,000 share awards will lapse as the performance conditions for the financial year ended 31 December 2017 were not achieved and 48,750,000, which is for the remaining participants, being Mr Agus Sugiono, Mr Nordiansyah and Mr John Watson, are available for retesting against the performance conditions in future years.

Any unreleased or unvested share awards in respect of any Performance Period shall lapse and be of no value after the period of 1 month from the date of the annual general meeting of the Company at which Shareholders have received and adopted the audited financial statements of the Company relating to that performance period as stated in the Letter to Shareholders dated 11 April 2017.

None of the participants to whom the shares awards have been granted has any right to participate by virtue of the share award grant in any share issue of any other company.

There were no unissued shares of the Company or its subsidiary corporations under options granted by the Company or its subsidiary corporations as at the end of the financial year.

Since the commencement of the Scheme until the end of the financial year ended 31 December 2017:

– No options have been granted to directors or controlling shareholders of the Company and their associates.

– No participant under the Scheme has received 5% or more of the total options available under the Scheme.

– No options have been granted at a discount.

Since the commencement of the Plan until the end of the financial year ended 31 December 2017, no participant has received 5% or more of the total number of shares available under the Plan.

Audit and risk management committee

The members of the Audit and Risk Management Committee ("ARMC") at the date of this statement are:

Chow Wai San (Chairman)
Khoo Song Koon

The ARMC carries out its functions in accordance with Section 201B(5) of the Act, the SGX-ST Listing Manual Section B: Rules of Catalist (the "Catalist Rules") and the Code of Corporate Governance and performs the following:

(i) review with the internal and external auditors the audit plan, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response and results of the audits conducted by the internal and external auditors of the Group;

(ii) review the scope and results of the external audit and the independence and objectivity of the external auditors;

Audit and risk management committee (cont'd)

(iii) review the periodic consolidated financial statements and results announcements before submission to the Board for approval, focusing, in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;

(iv) review the internal control and procedures and ensure co-ordination between the external auditors, internal auditors and the management, and review the assistance given by the management to the auditors and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

(v) ensure that annual internal controls audits are commissioned until such time it is satisfied that the Group's internal controls are robust and effective. Further, the ARMC may initiate such internal controls audits as and when it deems fit to satisfy itself that the Group's internal controls remain robust and effective;

(vi) review and approve all formal hedging and trading policies (if any) and ensure that adequate procedures are in place, prior to implementation by the Group;

(vii) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(viii) review and report to the Board at least annually the risk profile of the Group, effectiveness and adequacy of its internal control and risk management procedures, including accounting, financial, operational, compliance and information technology controls and procedures and the appropriate steps to be taken to mitigate and manage risks at an acceptable level determined by the Board;

(ix) consider the appointment, remuneration, terms of engagement or re-appointment of external and internal auditors, and matters relating to the resignation or dismissal of the auditors;

(x) review and approve any transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);

(xi) review potential conflict of interests, if any, and take any necessary steps to resolve and mitigate such conflict of interests;

(xii) review significant financial reporting issues and judgements with the Chief Financial Officer and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;

(xiii) review and establish procedures for receipt, retention and treatment of complaints received by the Group, inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;

(xiv) review the policy and arrangements by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;

(xv) undertake such other review and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the ARMC; and

Audit and risk management committee (cont'd)

(xvi) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time.

The ARMC is satisfied with the independence and objectivity of the independent auditors and has nominated Baker Tilly TFW LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Agus Sugiono Director	Chow Wai San Director

7 September 2018

INDEPENDENT AUDITOR'S **REPORT**

To the Members of Resources Prima Group Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Resources Prima Group Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 57 to 112, which comprise the statements of financial position of the Group and the Company as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Qualified Opinion

Loss from discontinued operations of PT Rinjani Kartanegara ("Rinjani")

As disclosed in Note 9 to the financial statements, the Group lost control over Rinjani on 24 August 2017. Subsequent to the loss of control, management represented that the Group was unable to obtain the audited financial statements of Rinjani for the financial period from 1 January 2017 to 24 August 2017. Accordingly, the unaudited management accounts of Rinjani as at 31 August 2017 were used to prepare the consolidated financial statements of the Group for the financial year ended 31 December 2017.

The loss from discontinued operations (net of tax) included in the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2017 amounted to US$14,789,000.

We are unable to obtain sufficient information to enable us to form an opinion as to whether the unaudited management accounts of Rinjani used in the preparation of the consolidated financial statements of the Group, were prepared in accordance with Financial Reporting Standards in Singapore and in form and content appropriate and proper for the purpose of preparation of the consolidated financial statements of the Group, in particular, the determination of the respective line items in the analysis of the loss from discontinued operations of the Group. Consequently, we are unable to determine whether any adjustments might be necessary in respect of the following:

(i) the loss from discontinued operations (net of tax) of US$14,789,000 and related information as disclosed in Note 9 to the financial statements;

(ii) the basic and diluted loss per share attributable to equity holders of the Company for loss from discontinued operations as disclosed in Note 8 to the financial statements; and

(iii) the effects of assets and liabilities disposed of and related classification of the line items of Rinjani on the consolidated statement of cash flows of the Group as disclosed in Note 9 to the financial statements.

Report on the Audit of the Financial Statements (cont'd)

Basis for Qualified Opinion (cont'd)

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 qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3(a) to the financial statements with respect to the Group's and the Company's ability to continue as going concerns and contingent liabilities as disclosed in Note 29 to the financial statements. During the financial year ended 31 December 2017, the Group incurred a net loss from continuing operations and discontinued operations of US$1,057,000 (2016: US$1,237,000) and US$14,789,000 (2016: US$1,317,000) respectively and the Company incurred a net loss of US$46,020,000 (2016: US$18,453,000). As at 31 December 2017, the Group's and the Company's total liabilities exceeded the total assets by US$151,000 and US$484,000 respectively.

These factors indicate the existence of material uncertainties that may cast significant doubt about the Group's and the Company's ability to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, for the reasons disclosed in Note 3(a) to the financial statements, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2017 is appropriate. Our opinion is not further modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2017, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section of our report, we are unable to satisfy ourselves as to the loss from discontinued operations of Rinjani. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to the above matter.

INDEPENDENT AUDITOR'S **REPORT**

To the Members of Resources Prima Group Limited

Report on the Audit of the Financial Statements (cont'd)

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 financial year. 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. Except for the matters described in the *Basis for Qualified Opinion* section and *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our report.

Responsibilities of Management and Directors for the Financial Statements

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

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 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

Report on the Audit of the Financial Statements (cont'd)

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

- 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 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 financial statements, including the disclosures, and whether the 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.

INDEPENDENT AUDITOR'S **REPORT**

To the Members of Resources Prima Group Limited

Report on the Audit of the Financial Statements (cont'd)

Report on Other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, 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 Lee Chee Sum Gilbert.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

7 September 2018

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the financial year ended 31 December 2017

	Note	2017 US$'000	(Restated) 2016 US$'000
Continuing operations			
Revenue	4	**275**	–
Cost of goods sold		**(289)**	–
Gross loss		**(14)**	–
Other income		**163**	8
Administrative expenses		**(1,066)**	(1,245)
Loss before tax from continuing operations	5	**(917)**	(1,237)
Tax expense	7	**(140)**	–
Loss from continuing operations, net of tax		**(1,057)**	(1,237)
Loss from discontinued operations, net of tax	9	**(14,789)**	(1,317)
Loss for the financial year		**(15,846)**	(2,554)
Other comprehensive income/(loss)			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of post-employment benefits, net of tax		**–**	(145)
Item that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**559**	(228)
Other comprehensive income/(loss) for the financial year, net of tax		**559**	(373)
Total comprehensive loss for the financial year		**(15,287)**	(2,927)
Loss attributable to:			
Equity holders of the Company		**(15,495)**	(1,866)
Non-controlling interests		**(351)**	(688)
		(15,846)	(2,554)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(14,936)**	(2,211)
Non-controlling interests		**(351)**	(716)
		(15,287)	(2,927)
Loss attributable to:			
Equity holders of the Company			
Loss from continuing operations, net of tax		**(1,008)**	(1,237)
Loss from discontinued operation, net of tax		**(14,487)**	(629)
		(15,495)	(1,866)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted			
From continuing and discontinued operations	8	**(0.84)**	(0.10)
From continuing operations	8	**(0.05)**	(0.07)
From discontinued operation	8	**(0.79)**	(0.03)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF **FINANCIAL POSITION**
At 31 December 2017

		Group		Company	
		2017	2016	**2017**	2016
	Note	**US$'000**	US$'000	**US$'000**	US$'000
Non-current assets					
Property, plant and equipment	10	**705**	21,836	**–**	–
Intangible assets	11	**–**	170	**–**	–
Mining properties	12	**–**	6,765	**–**	–
Deferred tax assets	13	**–**	1,900	**–**	–
Investment in subsidiaries	14	**–**	–	**–**	32,311
Trade and other receivables	15	**–**	8,162	**–**	–
		705	38,833	**–**	32,311
Current assets					
Available-for-sale investment		**–***	–*	**–***	–*
Inventories	16	**51**	235	**–**	–
Trade and other receivables	15	**131**	5,934	**50**	11,180
Cash and bank balances		**322**	2,299	**105**	100
		504	8,468	**155**	11,280
Total assets		**1,209**	47,301	**155**	43,591
Non-current liabilities					
Trade and other payables	17	**–**	12,512	**–**	–
Post-employment benefits	18	**–**	1,171	**–**	–
Finance lease liabilities	19	**53**	258	**–**	–
Provisions	20	**–**	1,498	**–**	–
		53	15,439	**–**	–
Current liabilities					
Trade and other payables	17	**748**	20,375	**639**	297
Finance lease liabilities	19	**46**	536	**–**	–
Tax payable		**513**	530	**–**	–
		1,307	21,441	**639**	297
Total liabilities		**1,360**	36,880	**639**	297
Net (liabilities)/assets		**(151)**	10,421	**(484)**	43,294
Equity					
Share capital	21	**100,480**	100,480	**236,508**	236,508
Currency translation reserve	22	**(824)**	(1,383)	**(15,833)**	(18,075)
Accumulated losses		**(99,634)**	(84,139)	**(221,159)**	(175,139)
Equity attributable to equity holders of the Company		**22**	14,958	**(484)**	43,294
Non-controlling interests		**(173)**	(4,537)	**–**	–
Total equity		**(151)**	10,421	**(484)**	43,294

* Below US$1,000.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2017

	← Attributable to equity holders of the Company →					
	Share capital US$'000	**Currency translation reserve US$'000**	**Accumulated losses US$'000**	**Total US$'000**	**Non-controlling interests US$'000**	**Total equity US$'000**
Group						
At 1.1.2017	100,480	(1,383)	(84,139)	14,958	(4,537)	10,421
Loss for the financial year	–	–	(15,495)	(15,495)	(351)	(15,846)
Other comprehensive income						
Currency translation differences arising on consolidation	–	559	–	559	–	559
Total comprehensive income/(loss) for the financial year	–	559	(15,495)	(14,936)	(351)	(15,287)
Changes in ownership interest in a subsidiary due to loss of control	–	–	–	–	4,715	4,715
At 31.12.2017	**100,480**	**(824)**	**(99,634)**	**22**	**(173)**	**(151)**

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2017

	← Attributable to equity holders of the Company →					
	Share capital US$'000	Currency translation reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Group						
At 1.1.2016	100,480	(1,155)	(82,156)	17,169	(3,821)	13,348
Loss for the financial year	–	–	(1,866)	(1,866)	(688)	(2,554)
Other comprehensive loss						
Remeasurement of post-employment benefits, net of tax	–	–	(117)	(117)	(28)	(145)
Currency translation differences arising on consolidation	–	(228)	–	(228)	–	(228)
Total comprehensive loss for the financial year	–	(228)	(1,983)	(2,211)	(716)	(2,927)
At 31.12.2016	100,480	(1,383)	(84,139)	14,958	(4,537)	10,421

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2017

	Share capital US$'000	Currency translation reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company				
At 1.1.2017	236,508	(18,075)	(175,139)	43,294
Loss for the financial year	–	–	(46,020)	(46,020)
Other comprehensive income				
Currency translation differences	–	2,242	–	2,242
Total comprehensive income/(loss) for the financial year	–	2,242	(46,020)	(43,778)
At 31.12.2017	**236,508**	**(15,833)**	**(221,159)**	**(484)**
At 1.1.2016	236,508	(16,759)	(156,686)	63,063
Loss for the financial year	–	–	(18,453)	(18,453)
Other comprehensive loss				
Currency translation differences	–	(1,316)	–	(1,316)
Total comprehensive loss for the financial year	–	(1,316)	(18,453)	(19,769)
At 31.12.2016	236,508	(18,075)	(175,139)	43,294

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2017

	2017 US$'000	(Restated) 2016 US$'000
Cash flows from operating activities		
Loss before tax from continuing operations	**(917)**	(1,237)
Loss before tax from discontinued operations	**(14,456)**	(1,269)
Loss before tax, total	**(15,373)**	(2,506)
Adjustments for:		
Amortisation of intangible assets	**26**	40
Amortisation of mining properties	**1,069**	2,278
Depreciation of property, plant and equipment	**2,045**	2,987
Finance costs	**1,666**	1,131
Impairment loss on trade receivable	**–**	2,174
Interest income	**(43)**	(28)
Loss on disposal of property, plant and equipment	**39**	–
Post-employment benefits	**214**	414
Provision for mine reclamation and rehabilitation	**119**	474
Net liabilities of Rinjani derecognised (Note 9)	**(11,867)**	–
Unrealised foreign currency exchange loss	**156**	44
Operating cash flows before working capital changes	**(21,949)**	7,008
Inventories	**(661)**	2,140
Trade and other receivables	**3,155**	509
Trade and other payables	**18,396**	(5,813)
Currency translation adjustments	**559**	(228)
Cash (used in)/generated from operations	**(500)**	3,616
Interest received	**43**	28
Taxes paid	**(113)**	(991)
Net cash (used in)/generated from operating activities	**(570)**	2,653
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**468**	–
Additions to mining properties (Note A)	**(94)**	(1,791)
Purchases of property, plant and equipment (Note B)	**(120)**	(937)
Net cash outflow due to loss of control of subsidiary (Note 9)	**(1,139)**	–
Net cash used in investing activities	**(885)**	(2,728)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2017

	2017 US$'000	(Restated) 2016 US$'000
Cash flows from financing activities		
Interest paid	**(62)**	(185)
Repayment of finance leases	**(460)**	(858)
Repayment of loan to third party	**–**	(1,255)
Repayment of loan to related party	**–**	(42)
Net cash used in financing activities	**(522)**	(2,340)
Net decrease in cash and cash equivalents	**(1,977)**	(2,415)
Cash and cash equivalents at beginning of the financial year	**2,299**	4,714
Cash and cash equivalents at end of the financial year (Note C)	**322**	2,299

Note A

During the financial year ended 31 December 2017, the Group acquired mining properties with an aggregate cost of US$94,000 (2016: US$3,151,000) (Note 12) of which US$Nil (2016: US$1,360,000) remained unpaid as at end of the financial year.

Note B

During the financial year ended 31 December 2017, the Group acquired property, plant and equipment with an aggregate cost of US$120,000 (2016: US$1,096,000) (Note 10) of which US$Nil (2016: US$159,000) was acquired under finance lease arrangements and US$120,000 (2016: US$937,000) were paid by cash.

Note C

Cash and cash equivalents comprise cash and bank balances as shown on the statement of financial position of the Group.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

The Company (Co. Reg. No. 198602949M) is listed on the Singapore Exchange Securities Trading Limited ("SGX") and incorporated and domiciled in Singapore. The registered office of the Company is at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 14.

The ultimate holding company of the Company is Madrone Enterprises Limited, incorporated in British Virgin Islands and is controlled by the ultimate beneficial owner, Gabriel Giovani Sugiono, the son of Agus Sugiono who is the Executive Chairman and Chief Executive Officer of the Company.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial statements are presented in United States dollar ("US$"), which is the Company's presentation currency, and all financial information presented is rounded to the nearest thousand ("US$'000") except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standard in Singapore ("FRSs"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

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

The areas involving a high degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and bank balances, current trade and other receivables, current trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards

In the current financial year, the Group has adopted all new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRSs and INT FRSs did not have any material effect on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2017 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company, except as described below:

Convergence with International Financial Reporting Standards (IFRS)

The Accounting Standards Council ("ASC") announced that Singapore incorporated companies listed on the Singapore Exchange ("SGX") or are in the process of issuing equity or debt instruments for trading on SGX, will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS Convergence), known as Singapore Financial Reporting Standards (International) ("SFRS(I)"), with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I) issued by ASC. These financial statements will be the last set of financial statements prepared under the current FRS in Singapore.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). In addition to the adoption of the new framework, the Group will be adopting other new SFRS(I), amendments to standards and interpretations of SFRS(I) which are effective from the same date.

The Group does not expect the application of the new standards, amendments to standards and interpretations, and the IFRS Convergence to have significant impact on the financial statements.

Application of SFRS(I) 1 and IFRS Convergence

When the Group adopts SFRS(I) in its 2018 financial statements, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company.

SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The Group plans to elect relevant optional exemptions. The Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. SFRS(I) 15 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group plans to adopt SFRS(I) 15 in its financial statements for the financial year ending 31 December 2018 using the full retrospective approach. As a result, the Group will apply the changes in accounting policies retrospectively to each reporting year presented.

Management has performed a preliminary impact assessment of applying the new standard on the Group's financial statements based on the existing sources of revenue as at 31 December 2017 and does not expect the impact from the initial adoption of FRS 115 to be material. Further evaluation will be undertaken should the source of revenue change in the year when SFRS(I) 15 becomes effective.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 which replaces IAS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace IAS 39 incurred loss model.

The Group plans to apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach.

(a) *Classification and measurement*

The Group has completed its preliminary assessment of the classification and measurement of its financial assets, and the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9. Loans and receivables that are currently accounted for at amortised cost are expected to continue to be measured at amortised cost under SFRS (I) 9.

For quoted equity securities currently classified as available-for-sale financial assets which are measured at fair value through other comprehensive income, are expected to continue to be measured at fair value, but the Group will present changes in fair values of these assets in profit or loss.

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 9 Financial Instruments (cont'd)

(b) *Impairment*

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade receivables and other receivables, due to earlier recognition of credit losses. For trade receivables, the Group will apply the simplified approach and will record an allowance for lifetime expected losses on trade receivables from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model. Upon application of the expected credit loss model, the Group does not expect significant impact on its financial performance or financial position, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

The Group will adopt SFRS(I) 9 when it becomes effective in financial year ending 31 December 2018. The Group does not expect the impact from the initial adoption of SFRS(I) 9 to have a material impact on its financial statements.

SFRS(I) 16 Leases

SFRS(I) 16 replaces the existing IAS 17: Leases. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statement of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group will assess the potential impact of SFRS(I) 16 and plans to adopt the standard on the required effective date.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

2 Summary of significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd)

Business combinations involving entities or businesses under common control are accounted for by applying the pooling of interest method which involves the following:

- assets and liabilities of the combining entities are reflected at their existing carrying amounts;
- no amount is recognised for goodwill;
- any difference between the consideration paid and the share capital and accumulated profits of the acquiree is reflected within the equity of the Group as merger reserve;
- the statement of comprehensive income reflects the results of the combined entities for the full year, irrespective of when the combination took place; and
- comparatives are presented as if the entities had always been combined since the date the entities had come under the common control.

All other business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any 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 fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as a gain from bargain purchase in profit or loss on the date of acquisition.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

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 (i.e. transactions with owners in their capacity as owners). The carrying amount 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.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

2 Summary of significant accounting policies (cont'd)

(c) Non-controlling interests

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(e) Revenue recognition

Revenue comprises the fair value for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passed to the customer. This generally occurs when product is physically transferred onto a barge. Revenue is measured at the fair value of the consideration received or receivable.

Revenue from usage of coal mining facilities and coal hauling is recognised when the services are rendered.

Interest income is recognised on a time proportion basis using the effective interest method.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2017

2 Summary of significant accounting policies (cont'd)

(f) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal, or restoration is incurred as a consequence of acquiring or using the asset.

Construction in progress included in property, plant and equipment is not depreciated as these assets are not yet available for use.

Land is not depreciated. Depreciation is calculated on a straight line basis to write off the cost of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Buildings	8 - 10
Infrastructure	7 - 8
Vehicles	4 - 5
Machinery	2 - 4
Office equipment	4
Leasehold improvements	2

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

(g) Intangible assets

Acquired mining business licence is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of license acquired over 12 years, which is the shorter of its useful life between the expected completion of coal mining in the licenced mining area and the termination of the mining business licence.

2 Summary of significant accounting policies (cont'd)

(h) Deferred exploration and evaluation costs

Exploration and evaluation activities involve the search for minerals, determination of technical feasibility and assessment of commercial viability of an identified resource.

Such activities include:

(i) gathering exploration data through topographical, geochemical and geophysical studies;

(ii) exploratory drilling, trenching and sampling;

(iii) determining and examining the volume and grade of the resource; and

(iv) surveying transportation and infrastructure requirements.

Administration costs that are not directly attributable to a specific exploration area are charged to profit or loss. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised from the commencement of coal mining.

Exploration and evaluation costs (including amortisation of capitalised licence costs) are capitalised as incurred, except in the following circumstances:

(i) before the legal rights to explore a specific area are obtained;

(ii) after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable or proven reserves are discovered.

Capitalised exploration and evaluation costs are subsequently measured at cost less any allowance for impairment. Such assets are not depreciated as they are not available for use but monitored for indications of impairment. To the extent that exploration and evaluation costs are not expected to be recovered, these are charged to profit or loss.

When the technical feasibility and commercial viability are determined, exploration and evaluation assets are tested for impairment and reclassified to "Mining Properties".

(i) Mine reclamation and rehabilitation and asset retirement obligations

Mine reclamation and rehabilitation expenditures are costs associated with mine reclamation during the mine operation period, mine closure and decommissioning and demobilisation of facilities and other closure activities.

Provision for estimated costs of mine reclamation and rehabilitation and provision for mine closure are recorded on an incremental basis based on the quantity of coal produced. The rate used is subject to a regular review based on mine reclamation and mine closure plans.

The obligations are recognised as liabilities when a legal obligation with respect to the retirement of an asset is incurred, with the initial measurement of the obligation at present value. These obligations are accreted to full value over time through charges to the profit or loss. In addition, an asset retirement cost equivalent to the liabilities is capitalised as part of the related asset's carrying value and is subsequently depreciated or depleted over the useful life of infrastructure (included in property, plant and equipment). A liability for an asset retirement obligation is incurred over more than one reporting period. For example, if a facility is permanently closed but the closure plan is developed over more than one reporting period, the cost of the closure of the facility is incurred over the reporting periods when the closure plan is finalised.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2017

2 Summary of significant accounting policies (cont'd)

(i) Mine reclamation and rehabilitation and asset retirement obligations (cont'd)

For environmental issues that may not involve the retirement of an asset, where the Group is a responsible party and it is determined that a liability exists, and the amount can be quantified, the Group provides for the estimated liability. In determining whether a liability exists in respect of such environmental issues, the Group applies the criteria for liability recognition under applicable accounting standards, as follows:

(i) there is clear indication that an obligation has been incurred at the financial reporting date resulting from activities which have already been performed; and

(ii) there is a reasonable basis to calculate the amount of the obligation incurred.

(j) Leases

When a Group entity is the lessee:

Finance leases

Leases of property, plant and equipment in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the outstanding liability and finance charges. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance lease is taken to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(k) Inventories

Coal inventories represent coal on hand and are valued at the lower of cost and net realisable value. Cost is determined on a monthly weighted-average basis and includes an appropriate allocation of materials, labour, depreciation and overheads related to mining activities. Net realisable value is the estimated sales amount in the ordinary course of business, less the estimated costs of completion and selling expenses.

Fuel and spare parts are stated at lower of cost and net realisable value. Cost is determined using the first-in, first-out method.

2 Summary of significant accounting policies (cont'd)

(l) Mining properties

Mining properties are stated at cost less accumulated amortisation, and include costs transferred from deferred exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are determined, and subsequent costs to develop the mine to the production phase.

The mining property balance is amortised using the unit-of-production method based on estimated coal reserves from commencement of commercial production and having regard to the term of the mining business licence.

(m) Stripping costs

Stripping costs are the costs of removing overburden from a mine. Stripping costs incurred for the removal of overburden without exposing the coal are deferred and recognised as production costs when the coal has been exposed. Deferred stripping costs are written off during the period in which the coal is determined to be non-existent and/or not economic to be mined.

The initial recognition of the stripping asset (if any) and subsequent amortisation is determined by reference to components of the coal body rather than by reference to the entire operation. The asset is amortised subsequently using the unit-of-production method over the expected useful life of the identified component of the coal body that becomes more accessible as a result of the stripping activity, unless another method is more appropriate, rather than as a charge to operating costs based on an expected stripping ratio.

(n) Financial assets

Classification

The Group classifies its financial assets according to the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's financial assets are loans and receivables and available-for-sale investment.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables (excluding prepayments, tax recoverable and advance payments to suppliers)" and "cash and bank balances" on the statements of financial position.

Financial assets, available-for-sale

Financial assets, available-for-sale include equity securities that are non-derivatives and are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the reporting date.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2017

2 Summary of significant accounting policies (cont'd)

(n) Financial assets (cont'd)

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Interest income on financial assets is recognised separately in the profit or loss.

Available-for-sale investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measurable, are measured at cost less impairment loss.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

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

Financial assets, available-for-sale

For available-for-sale financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

(o) Financial liabilities

Financial liabilities include trade and other payables and finance lease liabilities. Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2 Summary of significant accounting policies (cont'd)

(p) Share capital

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.

(q) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current financial year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the reporting date.

(r) Cash and cash equivalents

For the purposes of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and in banks, deposits with financial institutions which are readily convertible and subject to an insignificant risk of change in value.

(s) Impairment of non-financial assets

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2 Summary of significant accounting policies (cont'd)

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

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in the profit or loss.

(t) 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 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 accumulated losses.

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.

The actuarial gain and loss arising from experience adjustments and changes in actuarial assumptions are directly recognised to other comprehensive income and are reported in accumulated losses.

(u) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and that the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date. When the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

(v) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, 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 recognised in the profit or loss using the effective interest method.

2 Summary of significant accounting policies (cont'd)

(w) Functional and foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The functional currency of the Company is Singapore dollar. The Group's consolidated financial statements are presented in United States dollar to reflect the currency of the majority of the Group's transactions and balances which are derived from the subsidiaries.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except for currency translation differences on net investment in foreign operations and borrowings, which are included in the currency translation reserve within equity in the financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings are taken to the foreign currency translation reserve with the equity.

Fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

2 Summary of significant accounting policies (cont'd)

(x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

(y) Discontinued operations

The assets are not depreciated or amortised while they are classified as held for sale.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

(i) represents a separate major line of business or geographical area of operations; or

(ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(iii) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative financial year.

3 Critical accounting judgements and key sources of estimation uncertainty

(a) Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimates, which are dealt in the preceding paragraphs).

Going concern assumption

During the financial year ended 31 December 2017, the Group incurred a net loss from continuing operations and discontinued operations of US$1,057,000 (2016: US$1,237,000) and US$14,789,000 (2016: US$1,317,000) respectively and the Company incurred a net loss of US$46,020,000. As at 31 December 2017, the Group's and the Company's total liabilities exceeded the total assets by US$151,000 and US$484,000 respectively. These factors and contingent liabilities as disclosed in Note 29 indicate the existence of material uncertainties which may cast doubt about the Group's and the Company's ability to continue as going concerns.

In 2017, the Group's main operating subsidiary, PT Rinjani Kartanegara ("Rinjani"), was adversely affected by the above average rainfall in its operating area and the dewatering issue which arose due to the above average rainfall. This caused a significant reduction in coal production, coal sales quantities, coal sales revenue and cashflows of Rinjani and resulted in Rinjani's inability to pay the waste mining contractor's current waste mining costs on time. The inability of Rinjani to pay the current waste mining costs also triggered a cross default in its agreements with the waste mining contractor as well as the cessation of waste mining operations by the waste mining contractor at Rinjani's mine site with effect from 23 June 2017 and, consequently, the cessation of all coal production from Rinjani.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

(a) Critical judgements in applying the entity's accounting policies (cont'd)

Going concern assumption (cont'd)

On 29 August 2017, Rinjani received a letter from the Commercial Court, Jakarta, stating that an application filed by Rinjani's creditors for the suspension of payment of Rinjani, akin to a Scheme of Arrangement under the Singapore Companies Act, had been approved and that the suspension of payment period will be effective for a period of 45 days from 24 August 2017. Since the approval of the suspension of payment on 24 August 2017, the directors and management of Rinjani no longer had sole authority to administer or represent Rinjani or exercise any management or ownership decisions over the assets and operations of Rinjani. It was also no longer entitled to any returns from its investment in Rinjani or able to affect the amount of returns from its investment in Rinjani.

Subsequently, on 9 October 2017, the Composition Plan presented by Rinjani in accordance with the suspension of payment process, was rejected and Rinjani entered into bankruptcy with effect from that date and the Commercial Court of Jakarta appointed 2 curators to administer the bankruptcy estate and a supervisory judge to supervise the bankruptcy process.

Subsequent to the loss of control of Rinjani on 24 August 2017, the remaining active subsidiary of the Group is PT Energy Indonesia Resources which carries out coal hauling activities, an ancillary part of the Group's business rather than its primary business. In November 2017, PT Energy Indonesia Resources entered into a coal hauling service agreement with a third party, PT Coalindo Adhi Nusantara ("CAN"). However, the average quantity of coal hauled is significantly less than the 100,000 tonnes per month as stipulated under the agreement with CAN due to ongoing heavy rainfall and poor condition of the coal hauling road.

As a result of the Rinjani situation (including without limitation the loss of control of Rinjani), the Group has been operating under severe cashflow constraints as there was no operating cashflow for the period from July 2017 to October 2017 and the severe underperformance of the coal hauling agreement with CAN as set out above added more uncertainty to the cash flows that can be generated by the Group.

Given the current cashflow constraints, the directors and management of the Company have been focusing their efforts on generating revenue and rebuilding the Group's business, as well as continuing to evaluate various options (including but not limited to obtaining financial support from the current shareholders and introduction of new investors to the Company). Further to these efforts, the Company had, on 6 August 2018, announced the entry of an investment agreement ("Investment Agreement") whereby the investor, Mr Ang Liang Kim (currently a substantial shareholder of the Company), has committed not less than S$4 million of investment in the Company by way of a convertible loan (of up to S$2 million) and rights issue, with the funds to be used for general working capital (excluding salary and fees of directors and management) and where necessary, capital expenditures (including but not limited to potential business opportunities).

In view of the execution of the Investment Agreement and the transactions contemplated therein, management has updated the Group's and Company's cashflow analysis and based on the analysis, the Group and Company will be able to pay its debts as and when they fall due within the next 12 months after the end of the financial year, save for the management remuneration and/or director fees (as an interim measure, the directors and management of the Company will continue not to take any fees/remuneration or to take only nominal salaries until there is more clarity on the Group's and the Company's cashflow situation).

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

(a) Critical judgements in applying the entity's accounting policies (cont'd)

Going concern assumption (cont'd)

The directors are therefore satisfied that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2017 is appropriate.

If the Group and the Company are unable to continue in operational existence in the foreseeable future or if the Group and the Company are unable to discharge their liabilities in the normal course of business, adjustments may have to be made to reflect the situation and assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

(b) 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.

Impairment of property, plant and equipment

As at each reporting date, the Group assesses whether there is any objective evidence that property, plant and equipment is impaired. To determine whether there is any objective evidence of impairment, the Group considers the events or circumstances that indicate the carrying amount of the property, plant and equipment may not be recoverable. Recoverable amount is defined as the higher of an asset's fair value less cost to sell and its value-in-use. In making this judgement, the Group evaluates the net present value of future cash flows using cash flow forecasts which have been discounted at an appropriate rate.

At the end of reporting period, the carrying amount of the Group's property, plant and equipment is disclosed in Note 10.

Impairment of investment in subsidiaries

The Company assesses at each reporting date whether there are any indicators of impairment for investment in subsidiaries. Investment in subsidiaries are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of the investment exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the business and a suitable terminal growth rate and discount rate, in order to determine the present value of those cash flows. Impairment loss amounting to US$34,051,000 (2016: US$17,216,000) is recognised during the financial year. The carrying amount of investment in subsidiaries is disclosed in Note 14.

4 Revenue

	Group	
		(Restated)
	2017	2016
	US$'000	US$'000
Revenue from coal hauling	**275**	–

5 Loss before tax from continuing operations

	Group	
		(Restated)
	2017	2016
	US$'000	US$'000
This is arrived at after charging:		
Depreciation of property, plant and equipment	**503**	–
Audit fees paid/payable to:		
- auditor of the Company	**58**	98
- other auditor *	**8**	–
Fees for non-audit services paid/payable to:		
- auditor of the Company	**2**	3
Other professional fees	**101**	130
Repair and maintenance	**30**	–
Staff costs (Note 6)	**486**	263

* Includes independent member firms of the Baker Tilly International network

6 Staff costs

	Group	
		(Restated)
	2017	2016
	US$'000	US$'000
Salaries and related costs	**482**	263
Defined contribution plans	**4**	–
	486	263

7 Tax expense

	Group	
		(Restated)
	2017	2016
	US$'000	US$'000
Tax expense attributable to loss is made up of:		
From continuing operations		
Current income tax provision		
- Current income tax	**52**	–
Deferred income tax (Note 13)	**88**	–
	140	–
From discontinued operations		
Current income tax provision		
- Current income tax	**43**	1,044
- Overprovision in respect of previous financial years	**(17)**	–
Deferred income tax (Note 13)	**307**	(996)
	333	48
	473	48

Tax expense relating to each component of other comprehensive (loss)/income is as follows:

		2017			2016	
	Before tax	**Tax credit**	**After tax**	Before tax	Tax credit	After tax
	US$'000	**US$'000**	**US$'000**	US$'000	US$'000	US$'000
Group						
Remeasurement of post-employment benefits	**–**	**–**	**–**	(193)	48	(145)

7 Tax expense (cont'd)

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable in the countries where the Group entities operates due to the following factors:

	Group	
	2017	2016
	US$'000	US$'000
Loss before tax from:		
Continuing operations	**(917)**	(1,237)
Discontinued operations	**(14,456)**	(1,269)
	(15,373)	(2,506)
Tax calculated at domestic rates applicable to loss in the countries in which the Group entities operates	**(1,842)**	(688)
Expenses not deductible for tax purposes	**5,168**	793
Deferred tax asset not recognised	**263**	–
Income not subject to tax	**(3,181)**	(15)
Singapore statutory step exemptions	**(5)**	(13)
Indonesia statutory step exemptions	**–**	(11)
Overprovision in respect of previous years	**(17)**	–
Others	**87**	(18)
	473	48

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

The corporate income tax rate applicable to the entities in Singapore is 17% (2016: 17%). The corporate income tax rate applicable to the subsidiaries in Indonesia is 25% (2016: 25%).

Deferred tax assets are recognised for unabsorbed tax losses and other deductible temporary differences carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unabsorbed tax losses and other deductible temporary differences of approximately US$594,000 (2016: US$Nil) and US$456,000 (2016: US$Nil) respectively at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. No deferred tax assets have been recognised in the financial statements as it is not probable that the future taxable income will be sufficient to allow the related tax benefits to be realised in the foreseeable future.

8 Loss per share

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	Continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
Net loss attributable to equity holders of the Company (US$'000)	**(1,008)**	(1,237)	**(14,487)**	(629)	**(15,495)**	(1,866)
Weighted average number of ordinary shares outstanding for basic and diluted loss per share (in million)	**1,833**	1,833	**1,833**	1,833	**1,833**	1,833
Basic and diluted loss per share (cents per share)	**(0.05)**	(0.07)	**(0.79)**	(0.03)	**(0.84)**	(0.10)

9 Discontinued operations

As a result of the Group's loss of control over Rinjani (Note 3(a)) and the suspension of operations of RPG Trading Pte. Ltd. ("RPG Trading") and PT Energy Indonesia Resources ("EIR") due to the cessation of coal production from Rinjani, the Group presented the financial results of Rinjani, and RPG Trading's and EIR's support of Rinjani's operations as discontinued operations in accordance with 'FRS 105 - Non-Current Assets Held for Sale and Discontinued Operations'. EIR's financial results from coal hauling services provided to third party from 3 October 2017 to 31 December 2017 are presented under continuing operations.

An analysis of the results of discontinued operations, and the financial results recognised on the remeasurement of disposal group is as follows:

	Group	
	2017	2016
	US$'000	US$'000
Revenue	**22,219**	57,899
Other income	**400**	177
Expenses	**(48,942)**	(59,345)
Loss before tax from discontinued operations	**(26,323)**	(1,269)
Tax expense	**(333)**	(48)
Loss from discontinued operations, net of tax	**(26,656)**	(1,317)
Net liabilities of Rinjani derecognised	**11,867**	–
Total loss from discontinued operations	**(14,789)**	(1,317)
Loss attributable to non-controlling interest	**302**	688
Loss attributable to equity holders of the Company	**(14,487)**	(629)

9 Discontinued operations (cont'd)

The impact of the discontinued operations on the cash flows of the Group are as follows:

	Group	
	2017	2016
	US$'000	US$'000
Operating cash flows	**3,846**	4,431
Investing cash flows	**(210)**	(2,329)
Financing cash flows	**(3,264)**	(3,545)
Total cash flows	**372**	(1,443)

The assets and liabilities of Rinjani upon loss of control are as follows:

	2017
	US$'000
Assets:	
Property, plant and equipment	18,699
Intangible assets	144
Mining properties	5,790
Deferred tax assets	1,505
Inventories	845
Trade and other receivables	10,825
Cash and bank balances	1,139
	38,947
Liabilities:	
Finance lease liabilities	235
Provisions	1,625
Trade and other payables	51,920
	53,780
Net liabilities	14,833
Less: Non-controlling interest	(2,966)
Net liabilities derecognised	11,867
Net cash outflow due to loss of control of subsidiary	(1,139)

9 Discontinued operations (cont'd)

Loss before tax from discontinued operations is stated after charging:

	Group	
		(Restated)
	2017	2016
	US$'000	US$'000
This is arrived at after charging:		
Amortisation of intangible assets	**26**	40
Amortisation of mining properties	**1,069**	2,278
Depreciation of property, plant and equipment	**1,542**	2,987
Audit fees paid/payable to:		
- auditor of the Company	**4**	5
- other auditor	**2**	35
Fees for non-audit services paid/payable to:		
- auditor of the Company	**1**	3
Land and building taxes	**–**	201
Operating lease expenses	**324**	1,948
Other professional fees	**788**	435
Production royalty	**1,213**	3,655
Repair and maintenance	**754**	1,810
Provision for mine reclamation and rehabilitation	**119**	474
Staff costs	**2,959**	4,053
Post-employment benefits	**214**	414
Finance costs	**1,666**	1,131
Impairment loss on trade receivable	**–**	2,174

10 Property, plant and equipment

	Land US$'000	Buildings US$'000	Infrastructure US$'000	Vehicles US$'000	Machinery US$'000	Office equipment US$'000	Leasehold improvements US$'000	Construction in progress US$'000	Total US$'000
Group									
Cost									
Balance at 1.1.2016	12,076	940	8,425	5,236	1,890	394	153	617	29,731
Additions	–	129	117	3	164	54	–	629	1,096
Reclassifications	–	543	76	–	–	–	–	(619)	–
Balance at 31.12.2016	12,076	1,612	8,618	5,239	2,054	448	153	627	30,827
Additions	–	–	16	47	14	11	–	32	120
Disposals	–	–	–	(2,872)	(1)	(6)	–	–	(2,879)
Disposal due to loss of control (Note 9)	(11,826)	(1,612)	(8,634)	(752)	(2,061)	(431)	(153)	(659)	(26,128)
Balance at 31.12.2017	**250**	**–**	**–**	**1,662**	**6**	**22**	**–**	**–**	**1,940**
Accumulated depreciation									
Balance at 1.1.2016	–	188	2,451	2,456	566	194	149	–	6,004
Depreciation charge	–	159	1,110	1,084	535	96	3	–	2,987
Balance at 31.12.2016	–	347	3,561	3,540	1,101	290	152	–	8,991
Depreciation charge	–	107	773	766	344	55	–	–	2,045
Disposals	–	–	–	(2,367)	–	(5)	–	–	(2,372)
Disposal due to loss of control (Note 9)	–	(454)	(4,334)	(724)	(1,443)	(322)	(152)	–	(7,429)
Balance at 31.12.2017	**–**	**–**	**–**	**1,215**	**2**	**18**	**–**	**–**	**1,235**
Net carrying value									
At 31.12.2016	12,076	1,265	5,057	1,699	953	158	1	627	21,836
At 31.12.2017	**250**	**–**	**–**	**447**	**4**	**4**	**–**	**–**	**705**

10 Property, plant and equipment (cont'd)

The net carrying value of property, plant and equipment of the Group held under finance lease arrangements at the reporting date were as follows:

	Group	
	2017	2016
	US$'000	US$'000
Vehicles	**182**	1,586
Machinery	**–**	364
	182	1,950

Leased assets are pledged as security for the related finance lease liabilities (Note 19).

11 Intangible assets

	Group	
	2017	2016
	US$'000	US$'000
Mining business licence		
Cost		
At beginning of the financial year	**481**	481
Disposal due to loss of control (Note 9)	**(481)**	–
At end of the financial year	**–**	481
Accumulated amortisation		
At beginning of the financial year	**311**	271
Amortisation charge	**26**	40
Disposal due to loss of control (Note 9)	**(337)**	–
At end of the financial year	**–**	311
Net carrying value at end of the financial year	**–**	170

12 Mining properties

	Group	
	2017	2016
	US$'000	US$'000
Cost		
At beginning of the financial year	**14,877**	11,726
Additions	**94**	3,151
Disposal due to loss of control (Note 9)	**(14,971)**	–
At end of the financial year	**–**	14,877
Accumulated amortisation		
At beginning of the financial year	**8,112**	5,834
Amortisation charge	**1,069**	2,278
Disposal due to loss of control (Note 9)	**(9,181)**	–
At end of the financial year	**–**	8,112
Net carrying value at end of the financial year	**–**	6,765

13 Deferred tax assets

The movements in the deferred tax assets are as follows:

	Group	
	2017	2016
	US$'000	US$'000
At beginning of the financial year	**1,900**	856
(Charge)/credit to profit or loss (Note 7)	**(395)**	996
Credit to other comprehensive loss	**–**	48
Disposal due to loss of control (Note 9)	**(1,505)**	–
At end of the financial year	**–**	1,900

The deferred tax assets on temporary differences recognised in the financial statements are in respect of tax effects arising from:

	Group	
	2017	2016
	US$'000	US$'000
Accrual for land and building taxes	**–**	121
Impairment loss on trade receivable	**–**	543
Post-employment benefits	**–**	293
Property, plant and equipment	**–**	527
Provisions	**–**	282
Others	**–**	134
	–	1,900

The Group had recognised deferred tax assets on the basis that there were sufficient estimated future taxable profits and taxable temporary differences against which the tax benefits could be utilised, based on the management's cash flow forecast.

14 Investment in subsidiaries

	Company 2017 US$'000	Company 2016 US$'000
Unquoted equity shares, at cost	**193,177**	178,524
Less: Allowance for impairment loss	**(193,177)**	(146,213)
	–	32,311

Movements in allowance for impairment loss are as follows:

	Company 2017 US$'000	Company 2016 US$'000
At beginning of financial year	**146,213**	132,000
Impairment loss recognised during the financial year	**34,051**	17,216
Currency translation differences	**12,913**	(3,003)
At end of the financial year	**193,177**	146,213

(a) Details of subsidiaries:

Name of subsidiaries (Country of incorporation)	Principal activities	Group's effective equity interest 2017 %	Group's effective equity interest 2016 %
Held by the Company			
Energy Prima Pte. Ltd.[(1)] (Singapore)	Investment holding	**100**	100
PT Energy Indonesia Resources[(2)] (Indonesia)	Mining support activities consisting of management of a stockpile facility, jetty and loading conveyor; transportation of coal; and other logistical support activities	**100**	100
RPG Trading Pte. Ltd. (Singapore) [(1)]	Trading and marketing of coal	**100**	100
Held by Energy Prima Pte. Ltd.			
PT Pilar Mas Utama Perkasa[(2)] (Indonesia) ("Pilar Mas")	Trading (import) of goods	**80**	80
Held by Pilar Mas			
PT Rinjani Kartanegara (Indonesia) ("Rinjani")	Coal mining, including production, construction, processing, refining and sale	***79.8**	79.8

(1) Audited by Baker Tilly TFW LLP, Singapore.

(2) Audited by Johan Malonda Mustika & Rekan, Indonesia, an independent member firm of Baker Tilly International network.

* The Group lost control of the subsidiary during the financial year as disclosed in Note 9.

14 Investment in subsidiaries (cont'd)

(b) Summarised financial information of subsidiary with material non-controlling interests ("NCI")

For the financial year 2016, the Group had the following subsidiary that has NCI that is considered by management to be material to the Group:

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership interest held by NCI in 2016
Rinjani	Indonesia	20.2%

The following are the summarised financial information of the Rinjani with NCI that is considered by management to be material to the Group. This financial information includes consolidation adjustments but before inter-company eliminations.

However, with the loss of control over Rinjani during the financial year and the resultant suspension of operations of RPG Trading Pte Ltd and PT Energy Indonesia Resources in support of Rinjani's operations, the assets and liabilities related to Rinjani have been derecognised and the results from Rinjani and RPG Trading Pte Ltd's and PT Energy Indonesia Resources's support of Rinjani's operations are presented separately in profit or loss as "Discontinued Operations" (Note 9).

Summarised Statement of Financial Position

	Rinjani	
	2017	2016
	US$'000	US$'000
Non-current assets	–	36,988
Current assets	–	7,837
Non-current liabilities	–	(36,122)
Current liabilities	–	(30,828)
Net liabilities	–	(22,125)
Net liabilities attributable to NCI	–	(4,469)

14 Investment in subsidiaries (cont'd)

(b) Summarised financial information of subsidiary with material non-controlling interests ("NCI") (cont'd)

Summarised Statement of Comprehensive Income

	Rinjani	
	2017	2016
	US$'000	US$'000
Revenue	**–**	57,549
Loss before tax	**–**	(3,404)
Income tax credit	**–**	45
Loss after tax	**–**	(3,359)
Other comprehensive loss	**–**	(140)
Total comprehensive loss	**–**	(3,499)
Total comprehensive loss allocated to NCI	**–**	(707)

Summarised Statement of Cash Flows

	Rinjani	
	2017	2016
	US$'000	US$'000
Cash flows generated from operating activities	**–**	4,431
Cash flows used in investing activities	**–**	(2,329)
Cash flows used in financing activities	**–**	(3,545)
Net decrease in cash and cash equivalents	**–**	(1,443)

(c) Company level - Impairment review of investment in subsidiaries

The Company's subsidiary, Energy Prima Pte. Ltd., is the intermediate holding company of Rinjani which holds the Group's mining licences. During the financial year, an impairment loss of US$34,051,000 (2016: US$17,216,000) was recognised in the Company's profit or loss to write down the investment in this subsidiary to its recoverable amount of US$Nil (2016: US$30,600,000).

The impairment loss resulted from the loss of control over Rinjani on 24 August 2017 and the decision of the Commercial Court Jakarta which ruled that the suspension of payment (akin to scheme of arrangement in Singapore) period had ended and Rinjani will enter bankruptcy with effect from 9 October 2017. The Commercial Court Jakarta also has appointed two curators, to administer the bankruptcy estate and a supervisory judge to supervise the bankruptcy process. As of 9 October 2017, the Board of Directors of Rinjani has no authority to administer or represent Rinjani.

The recoverable amount of the investment in Energy Prima Pte. Ltd. has been determined based on the above events.

15 Trade and other receivables

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Current				
Trade receivables	**37**	4,849	**–**	–
Less: allowance for doubtful receivables	**–**	(23)	**–**	–
	37	4,826	**–**	–
Other receivables				
- third parties	**–**	25	**–**	–
- subsidiaries	**–**	–	**11,135**	11,169
Less: allowance for doubtful receivables	**–**	–	**(11,135)**	–
	–	25	**–**	11,169
Tax recoverable	**15**	327	**–**	–
Prepayments	**78**	147	**50**	11
Advance payments to suppliers	**–**	521	**–**	–
Deposits	**1**	88	**–**	–
	131	5,934	**50**	11,180
Non-current				
Trade receivables	**–**	9,198	**–**	–
Less: allowance for doubtful receivables	**–**	(2,151)	**–**	–
	–	7,047	**–**	–
Other receivables				
- Bank deposits subject to pledge	**–**	1,115	**–**	–
	–	8,162	**–**	–

The amounts due from subsidiaries are interest-free, non-trade in nature, unsecured and repayable on demand.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2017

16 Inventories

	Group	
	2017	2016
	US$'000	US$'000
Coal	**–**	18
Fuel and spare parts	**51**	217
	51	235

The cost of inventories recognised as an expense and included in 'cost of goods sold' amounted to US$343,000 (2016: US$Nil) during the financial year.

17 Trade and other payables

		Group		Company	
		2017	2016	**2017**	2016
		US$'000	US$'000	**US$'000**	US$'000
Current					
Trade payables					
- third parties	(i)	**65**	11,449	**–**	–
Accrued royalties		**–**	1,926	**–**	–
Accrued taxes on land and buildings		**–**	484	**–**	–
Accrued other operating expenses		**437**	4,153	**223**	297
Payables relating to mining properties		**–**	1,505	**–**	–
Standby claim		**–**	188	**–**	–
Other payables					
- third parties	(i)	**147**	506	**–**	–
- related parties	(ii)	**–**	–	**317**	–
- directors	(iii)	**99**	21	**99**	–
- a shareholder	(iii)	**–**	143	**–**	–
		748	20,375	**639**	297
Non-current					
Trade payables					
- third party	(i)	**–**	9,195	**–**	–
Other payables					
- third parties	(i)	**–**	3,317	**–**	–
		–	12,512	**–**	–
		748	32,887	**639**	297

17 Trade and other payables (cont'd)

(i) Included in 2016 trade and other payables were amounts totalling US$13,155,000 and US$2,254,000 respectively which bore interest at rates ranging from 7.62% to 8.12% per annum.

The schedule for repayment of the amount was as follows:

Date of payment	Installment payment
January 2017 - December 2018	US$2.0/MT of monthly production or US$330,000 per month whichever is higher
31 December 2018	Full and final settlement of the outstanding balance

In addition to above, the waste mining contractor was also entitled to additional repayments if the price based on the Indonesian Coal Index 2 ("ICI 2") adjusted for coal quality is above US$60 free on board ("FOB") barge. The additional payments are as follows:

Payables	ICI 2	Remark
+$0.25/MT	>US$60	Incremental
+$0.50/MT	>US$65	Incremental
+$0.75/MT	>US$70	Incremental
+$1.00/MT	>US$75	Incremental

(ii) The amounts due to related parties are interest-free, non-trade in nature, unsecured and repayable on demand.

(iii) The amounts due to directors and shareholder are interest-free, non-trade in nature, unsecured and repayable as and when there is more clarity on the Group's cashflow position.

18 Post-employment benefits

The Group's subsidiaries recognised liabilities for post-employment benefits based on the actuarial calculation by an Independent Actuary.

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 the reporting date were as follows:

	Group	
	2017	2016
Normal pension age	–	55 years
Salary increment rate per annum	–	10%
Discount rate per annum	–	8.42% - 8.45%
Mortality rate	–	TMI - 2011
Disability level	–	10% of TMI - 2011
Resignation level per annum	–	5% for the age between 30 to 34 and 1% linearly decreasing until the age of 54

The amount recognised in the statements of financial position is determined as follows:

	Group	
	2017	2016
	US$'000	US$'000
Present value of defined benefit obligations and total post-employment benefits	–	1,171

Movements in the account are as follows:

	Group	
	2017	2016
	US$'000	US$'000
At beginning of the financial year	**1,171**	549
Remeasurement before tax recognised in other comprehensive income (Note 7)	–	193
Post-employment benefits expense	**214**	414
Currency translation differences	–	15
Provision utilised	**(1,385)**	–
At end of the financial year	–	1,171

18 Post-employment benefits (cont'd)

The following table summarises the components of post-employment benefits expense recognised in discontinued operations:

	Group	
	2017	2016
	US$'000	US$'000
Current service cost	**214**	323
Interest cost on defined benefit obligations	**–**	54
Others	**–**	37
Post-employment benefits expense	**214**	414

The sensitivity analysis below has been determined based on reasonably possible changes of significant assumptions on the post-employment benefits as of the end of the reporting period, assuming all other assumptions were held constant.

	Present value of obligation		**Current service cost**	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
As reported using discount rate of 8.42% - 8.45% (2016: 8.42% - 8.45%) per annum	**–**	1,171	**–**	323
Increase by 100 basis points	**–**	1,066	**–**	293
Decrease by 100 basis points	**–**	1,300	**–**	359

19 Finance lease liabilities

	Group			
	2017		2016	
	Minimum lease payments	**Present value of lease payments**	Minimum lease payments	Present value of lease payments
	US$'000	**US$'000**	US$'000	US$'000
Not later than 1 year	**56**	**46**	616	536
Later than 1 year but not later than 5 years	**78**	**53**	272	258
Total minimum lease payments	**134**	**99**	888	794
Less: future finance charges	**(35)**	**–**	(94)	–
Present value of finance lease liabilities	**99**	**99**	794	794

19 Finance lease liabilities (cont'd)

	Group	
	2017	2016
	US$'000	US$'000
Representing finance lease liabilities:		
Current	**46**	536
Non-current	**53**	258
	99	794

At 31 December 2017, the finance leases bear effective interest rates ranging from 8% to 9% (2016: 8% to 16%) per annum.

The net carrying value of property, plant and equipment acquired under finance lease arrangements are disclosed in Note 10.

Reconciliation movement of liabilities to cash flows arising from financing activities:

	Obligations under finance lease US$'000
Balance at 1 January 2017	794
Changes from financing cash flows:	
- Repayments	(460)
- Interest paid	(62)
Non-cash changes:	
- Interest expenses	62
Disposal due to loss of control (Note 9)	(235)
Balance at 31 December 2017	**99**

20 Provisions

	Group	
	2017	2016
	US$'000	US$'000
Provision for mine reclamation and rehabilitation [Note (a)]	**–**	1,225
Provision for assets retirement obligations [Note (b)]	**–**	273
	–	1,498

20 Provisions (cont'd)

(a) Movements in provision for mine reclamation and rehabilitation are as follows:

	Group	
	2017	2016
	US$'000	US$'000
At beginning of the financial year	**1,225**	734
Provision for the financial year		
- charged to profit or loss	**119**	474
Currency translation differences	**(14)**	17
Disposal due to loss of control (Note 9)	**(1,330)**	–
At end of the financial year	**–**	1,225

(b) Movements in provision for assets retirement obligations are as follows:

	Group	
	2017	2016
	US$'000	US$'000
At beginning of the financial year	**273**	239
Interest accretion charged to profit or loss	**20**	28
Currency translation differences	**2**	6
Disposal due to loss of control (Note 9)	**(295)**	–
At end of the financial year	**–**	273

21 Share capital

	Group		**Company**	
	Number of shares '000	**US$'000**	**Number of shares '000**	**US$'000**
Issued and fully paid:				
At 1 January 2016, 31 December 2016 and 31 December 2017	**1,833,000**	**100,480**	**1,833,000**	**236,508**

The ordinary shares of the Company have no par value. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

21 Share capital (cont'd)

At an Extraordinary General Meeting held on 7 May 2010, shareholders of the Company approved the Employee Share Option Scheme (the "Scheme") for the granting of non-transferable options that are settled by issuance or transfer of the ordinary shares of the Company, in the name of the Central Depository (Pte) Limited ("CDP"), for credit to the securities account of participants or that participant's securities sub-account with a Depository Agent.

The shareholders also approved the Performance Share Plan (the "Plan") for the granting of shares that are settled by allotment or transfer of the ordinary shares of the Company on the release of an award to a participant to be issued in the name of, or transferred to, CDP to the credit of either, the securities account of that participant maintained with CDP; or the securities sub-account of that participant maintained with a Depository Agent, or the Central Provident Fund ("CPF") investment account maintained with a CPF agent bank.

The Remuneration Committee ("RC") is responsible for administering the Scheme and the Plan. At the date of this statement, the members of the RC are Khoo Song Koon (Chairman) and Chow Wai San.

Performance Share Plan

Under the Plan, the RC may, at its discretion, award shares of the Company to eligible participants, after taking into account criteria such as, *inter alia* , the rank, scope of responsibilities, performance, years of service, potential for future development, extent of effort and resourcefulness with which the performance target(s) may be achieved within the Performance Period. The principal terms of the Plan are as follows:

(i) The maximum number of shares in respect of which options may be granted under the Plan must not, in aggregate, exceed 15% of the issued share capital of the Company on the day preceding the award date, and which must not in aggregate (including all outstanding options granted and yet to be exercised under any other share option scheme of the Company) exceed 15% of the shares of the Company in issue from time to time.

(ii) The Plan expires in ten (10) years commencing on the date the Plan was adopted by the Company or such earlier date as may be determined by the RC.

In respect of the Plan, further details of which are noted in the Directors' Statement on pages 44 to 51, 147,000,000 share awards were granted during FY2017. As at 31 December 2017, a total of 48,750,000 share awards remain outstanding following the resignation and/or termination of employees and directors who were granted the share awards and the lapse of awards as the performance target for FY2017 was not met.

Any unreleased or unvested share awards in respect of any Performance Period shall lapse and be of no value after the period of 1 month from the date of the annual general meeting of the Company at which Shareholders have received and adopted the audited financial statements of the Company relating to that Performance Period as stated in the Letter to Shareholders dated 11 April 2017.

Employee Share Option Scheme

Under the Scheme, the RC may, at its discretion, invite eligible participants to take up options to subscribe for shares of the Company. The principal terms of the Scheme are as follows:

(i) The maximum number of shares in respect of which options may be granted under the Scheme must not, in aggregate, exceed 15% of the issued share capital of the Company, and which must not in aggregate (including all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company) exceed 15% of the shares of the Company.

21 Share capital (cont'd)

Employee Share Option Scheme (cont'd)

(ii) The exercise price is determined by the RC in its absolute discretion by reference to:

(a) a price equal to the average of the last dealt price(s) for a share, as determined by reference to the official list or any other publication by the SGX, for the last five (5) market days immediately preceding the offering date of that option (the "Market Price"); or

(b) a price which is set at a discount to the Market Price, provided that: (i) the maximum discount shall not exceed 20% of the Market Price; (ii) the discount must have been approved by the shareholders in a separate resolution; and

(c) a price which is set at a premium to the Market Price.

(iii) An option may be accepted by a proposed grantee within 30 days from the date of the offer of grant of the option. The minimum period for which an option must be held before it can be exercised is one year except for in the case of an exercise price set at a discount, which is two years. An option may be exercised at any time thereafter prior to its expiry.

(iv) Upon acceptance of the option, the grantee shall pay S$1 to the Company by way of consideration for the grant of the option.

(v) The Scheme expires in ten (10) years commencing on the date the Scheme was adopted by the Company or such earlier date as may be determined by the Remuneration Committee.

No share options were granted or released or vested pursuit to the Scheme for FY2017 and FY2016 and no options were outstanding at 31 December 2017 and 31 December 2016.

22 Currency translation reserve

Currency translation reserve arises from the translation of the financial statements of the Company whose functional currency is different from the Group's presentation currency.

23 Significant related party transactions

(a) In addition to information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and the related parties at terms agreed by the parties:

	Group	
	2017	2016
	US$'000	US$'000
With director of the Company		
Expenses paid on behalf for the subsidiary	**–**	2
With other related parties		
Professional fees paid by a subsidiary	**–**	5
Expenses paid by a subsidiary	**–**	6

The related parties are companies in which the directors of the Company have a controlling interest.

23 Significant related party transactions (cont'd)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2017	2016
	US$'000	US$'000
Directors' fee	**157**	159
Salaries and related costs	**233**	1,046
Defined contribution plans	**4**	–
	394	1,205

The above includes remuneration paid to the directors of the Company totaling US$159,000 (2016: US$600,000).

24 Commitments

(a) Capital commitments

Capital expenditures contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2017	2016
	US$'000	US$'000
Contracted for purchases of property, plant and equipment	**–**	510

(b) Operating lease commitments - where the Group is a lessee

The Group leases premises for office and staff accommodation from non-related parties under non-cancellable operating lease arrangements.

The future minimum lease payables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities are as follows:

	Group	
	2017	2016
	US$'000	US$'000
Not later than 1 financial year	**–**	170
Later than 1 financial year but not later than 5 financial years	**–**	106
	–	276

25 Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts as at reporting date are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Trade and other receivables	**38**	13,101	**–**	11,169
Cash and bank balances	**322**	2,299	**105**	100
Loans and receivables	**360**	15,400	**105**	11,269
Available-for-sale investment	**–***	–*	**–***	–*
	360	15,400	**105**	11,269
Financial liabilities				
Trade and other payables	**632**	32,796	**639**	297
Finance lease liabilities	**99**	794	**–**	–
At amortised cost	**731**	33,590	**639**	297

* Below US$1,000

(b) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group and the Company's exposure to these financial risks or the manner in which the Group and the Company manages and measures financial risk.

Foreign currency risk

Foreign currency risk arises on certain transactions that are denominated in currencies other than the functional currency of the entities in the Group. The foreign currencies in which the Group and the Company's currency risk arises are mainly Singapore dollar ("SGD") and Indonesian Rupiah ("IDR").

The Group and the Company's overall risk management strategy seek to minimise adverse effects from these financial risks on the Group and the Company's financial performance. The Group and the Company may use derivatives such as forward currency contracts to hedge certain financial risk exposures but the Group and the Company do not hold derivative financial instruments as at the reporting date.

The Company does not have significant foreign currency risk exposures arising from its operations that are denominated in currencies other than its functional currency.

25 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

The Group's foreign currency exposures based on the information provided by key management are as follows:

	SGD US$'000	IDR US$'000
Group		
2017		
Financial assets		
Trade and other receivables	–	37
Cash and bank balances	22	178
	22	215
Financial liabilities		
Trade and other payables	171	140
Finance lease liabilities	–	99
	171	239
Net financial liabilities, representing net exposure	**(149)**	**(24)**
2016		
Financial assets		
Trade and other receivables	10	1,728
Cash and bank balances	32	53
	42	1,781
Financial liabilities		
Trade and other payables	166	10,819
Finance lease liabilities	–	794
	166	11,613
Net financial liabilities, representing net exposure	(124)	(9,832)

25 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

If the SGD and IDR changes against the respective functional currencies of the Group's entities by 5% with all other variables including tax rate being held constant, the effects arising from the net financial assets/(liabilities) denominated in foreign currencies are as follows:

	Group (Increase)/decrease in loss after tax	
	2017	2016
	US$'000	US$'000
SGD against USD		
- strengthened	**(6)**	(5)
- weakened	**6**	5
IDR against USD		
- strengthened	**(1)**	(369)
- weakened	**1**	369

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of the Group and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from the finance lease liabilities and certain trade and other payables. The Company's exposure to interest rate risk as at the end of the reporting period is not significant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. For trade receivables, the Group adopts the policy of dealing only with creditworthy customers.

The Group's trade receivables comprise 1 debtor (2016: 2 debtors) that represents 100% (2016: 90%) of the trade receivables. In 2016, 99% of the Company's other receivables were balances with a subsidiary.

At the end of the reporting period, the Group and the Company's maximum exposure to credit risk is the carrying amount of each class of financial assets recognised in the statements of financial position.

Trade receivables that are neither past due nor impaired are from creditworthy debtors with an acceptable payment record with the Group.

Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions.

25 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Financial assets that are either past due and/or impaired

There is no other class of financial assets that is either past due and/or impaired except for trade receivables.

The table below is an ageing analysis of trade receivables that are past due but not impaired:

	Group	
	2017	2016
	US$'000	US$'000
Past due < 3 months but not impaired	**37**	2,529
Past due > 3 months but not impaired	**–**	668
	37	3,197

The carrying amount of trade receivables determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2017	2016
	US$'000	US$'000
Gross amount - past due over 6 months	**–**	9,750
Less: Allowance for impairment	**–**	(2,174)
	–	7,576

Movement in allowance for impairment:

	Group	
	2017	2016
	US$'000	US$'000
Allowance made during the financial year and balance at end of financial year	**–**	2,174

Trade receivables determined to be impaired at the reporting date relates to a debtor that has defaulted on payments. The receivable is not secured by any collateral or credit enhancements.

25 Financial instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their obligations as they fall due. Liquidity risk is managed by matching the payment and receipt cycle.

The Group and the Company monitor their liquidity risk and maintain a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

In view of the Group's liquidity position and the liquidity risk management approach as described in Note 3(a), directors of the Company have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The table below summarises the maturity profile of the Group and the Company's non-derivative financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within 1 year US$'000	Within 2 to 5 years US$'000	Total US$'000
Group			
2017			
Trade and other payables	632	–	632
Finance lease liabilities	56	78	134
	688	**78**	**766**
2016			
Trade and other payables	21,647	13,143	34,790
Finance lease liabilities	616	272	888
	22,263	13,415	35,678
Company			
2017			
Trade and other payables	**639**	**–**	**639**
2016			
Trade and other payables	297	–	297

26 Fair values of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements 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:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) 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

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Assets and liabilities not carried at fair value but which fair values are disclosed

	Group	
	Carrying amount US$'000	Fair value measurement at reporting date Level 3 US$'000
2017		
Finance lease liabilities	**99**	**95**
2016		
Finance lease liabilities	794	781

The above does not include financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair value due to their short-term nature and where the effect of discounting is immaterial or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period. The carrying values of non-current trade receivables (Note 15) and non-current trade and other payables (Note 17) approximate their fair values at reporting date.

Determination of fair values

The fair values are determined from discounted cash flow analysis using a discount rate based upon the market borrowing rates of an equivalent instrument or market lending rate for similar types of lending arrangement which the directors expect would be available to the Group at the reporting date as follows:

	Group	
	2017 %	2016 %
Non-current trade receivables	**–**	7.87
Non-current trade and other payables	**–**	7.87
Finance lease liabilities	**6.75**	8.37

27 Segment information

Geographical information

The Group has only one reportable segment, which is coal hauling services. All of its non-current assets are in Indonesia.

	Sales to external customer for continuing operations	
	2017	2016
	US$'000	US$'000
Indonesia	**275**	–

Information about major customers

The following are customers who individually contributed 10% or more of Group's revenue in 2017 and 2016 respectively:

	Group	
	2017	2016
	US$'000	US$'000
Customer 1	**275**	–

28 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group's overall strategies remains unchanged from 2016.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as finance lease liabilities plus trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debt.

	Group	
	2017	2016
	US$'000	US$'000
Net debt	**525**	31,382
Total equity	**(151)**	10,421
Total capital	**374**	41,803
Gearing ratio	**140%**	75%

29 Contingent liabilities

Rinjani - Legal claim

On 11 February 2015, a claim was made by H. Adji Mohamad Salehoeddin a.k.a Adji Pangeran Adipati Praboe Anoem Soerya Adiningrat and H. Adji Azuar Poeger bin Adji Anuar a.k.a Adji Pangeran Hario Kesuma Poeger bin Adji Moh Parikesit (the "Claimant") against a subsidiary, Rinjani for compensation totaling IDR399,300,000,000 (equivalent to US$30,518,000). The claim relates to the total land area of 1,933 ha of the subsidiary covered by Coal Mining Production licence, 308.4 ha of which is covered by a Borrow-to-Use Permit for Forestry Areas.

In the petition submitted to the State Court of Tenggarong (the "Court"), the Claimant asserts that such total area of 1,933 ha was crown land of Kesultanan Kutai, which now belongs to the Claimant through grant or "hibah" and inheritance. The directors of the Company and the subsidiary consider the claim to have no legal standing since the total area of 1,933 ha is located in an active forest area controlled and owned by the Forestry and Environment Ministry of the Republic of Indonesia, and the subsidiary holds valid permits including Coal Mining Production licence and Borrow-to-Use Permit for Forest Areas.

Based on court decision from the Court dated 5 November 2015, the Court has rejected all claims submitted by the Claimant.

Due to court decision, the Claimant then appealed to the Higher Court of Samarinda which issued a decision in the favour of the subsidiary based on decision No. 11/DPT/2016/PT.SMR dated 22 February 2016.

As of 22 February 2016, in its court decision, the Higher Court of Samarinda rejected all claims submitted by the Claimant. Further to the Higher Court decision, the Claimant submitted an appeal to the Supreme Court along with the "Memori Kasasi". On 13 May 2016, the subsidiary sent the response for Memori Kasasi to the Supreme Court. As of 9 October 2017, such appeal is under review by the judges of the Supreme Court.

As disclosed in Note 3(a), with the loss of control of Rinjani, the Company and its Board has no authority to administer or represent Rinjani. All litigation matters and decisions will be handled by the curators appointed by the Commercial Court Jakarta.

Rinjani - Royalty claims

On 19 August 2015, a claim was submitted by a farmers group "Bentuhung" to the District Court of Tenggarong against Mr. Nordiansyah Nasrie (director of Rinjani) for a total royalty claim of IDR90,720,000,000 (equivalent to US$6,720,000). Bentuhung claimed that on 27 October 2008, an agreement was entered between the subsidiary (Rinjani) and Mr. Erhamsyah, Head of Bentuhung, in which the subsidiary (Rinjani) agreed to provide Bentuhung with a royalty fee in the amount of US$1/MT of the subsidiary's coal production in return for Bentuhung providing the subsidiary (Rinjani) with assistance in its field operations. Bentuhung claimed that they have provided assistance to the subsidiary (Rinjani) in accordance with the agreement and therefore they have the right to claim the royalty fee.

Based on court decision from District Court dated 20 April 2016 and Appeal Court dated on 23 November 2016, both the claim and appeal of Bentuhung were rejected by the respective courts.

As a follow-up to the above rejections, Bentuhung then made final legal request to the Supreme Court on 13 March 2017. As of 9 October 2017, the status of the claim is ongoing in the Supreme Court and the subsidiary (Rinjani) is in the midst of sourcing alternative legal counsel to represent it in the Supreme Court.

29 Contingent liabilities (cont'd)

Rinjani - Royalty claims (cont'd)

As disclosed in Note 3(a), with the loss of control of Rinjani, the Company and its Board has no authority to administer or represent Rinjani. All litigation matters and decisions will be handled by the curators appointed by the Commercial Court Jakarta.

Rinjani - Legal proceedings commenced by Mr Tan Kim Sing ("TKS")

On 14 November 2016, the subsidiary, Rinjani was formally served with a writ of summons and statement of claim. The plaintiff of the claim is Tan Kim Sing (the "Plaintiff"). The legal proceedings against the subsidiary commenced in the High Court of the Republic of Singapore by way of Suit No. 1211 of 2016. According to the statement of claim, the Plaintiff claims against the subsidiary for the payment of approximately S$16.1 million, representing fees and expenses allegedly owed in respect of fund raising and other services rendered to the subsidiary pursuant to an agreement entered into between the subsidiary and Newbreed Capital Limited in or around March 2011 (the "Fund Raising Agreement"), or alternatively damages for breaches of the Fund Raising Agreement. The Plaintiff alleges that he is the current assignee of all the benefits under the Fund Raising Agreement.

As of 9 October 2017, legal proceedings were ongoing in the High Court of the Republic of Singapore.

As disclosed in Note 3(a), with the loss of control of Rinjani, the Company and its Board has no authority to administer or represent Rinjani. All litigation matters and decisions will be handled by the curators appointed by the Commercial Court Jakarta.

Rinjani - Matters concerning Agus Sugiono - Arbitration proceedings

Further to the arbitration proceedings commenced by TKS in November 2016 against Agus Sugiono, Executive Chairman and Chief Executive Officer of the Company, in May 2017 TKS served an application to include the Group's subsidiary, Rinjani, as a party to the arbitration proceedings and pursuant thereto to claim against Rinjani. TKS's claim against Rinjani under the arbitration proceedings is for payment of S$8.5 million, representing fees and expenses allegedly owed in respect of fund raising and other services rendered to the Group pursuant to an agreement allegedly entered into with Rinjani. The claim of S$8.5 million against Rinjani is additional to the claim of S$16.1 million against Rinjani as noted above.

The Company has since been advised and has received a copy of the order of the tribunal dated 9 April 2018, wherein the tribunal orders pursuant to Rule 32.10 of the Rules and Articles 30 and 32 of the UNCITRAL Model Law on International Commercial Arbitration that the Arbitration be terminated (the "**Order**"). The Order, which also terminates the joinder application served on Rinjani came into force and effect following the payment of the outstanding costs of SIAC Arbitration No 283 of 2016.

All legal and arbitration costs and fees are to be borne by Agus Sugiono and/or TKS.

29 Contingent liabilities (cont'd)

Pilar Mas - Statement of Claim

The Group's subsidiary, Pilar Mas, received a notice dated 24 January 2018 from the State Court of West Jakarta, Indonesia (the "**Notice**") in relation to a statement of claim filed by a former shareholder of Rinjani, being Ruznie Oms., S.H. M.Hum ("**Ruznie**"). The statement of claim is filed against, Pilar Mas, Agus Sugiono, the Group's Executive Chairman and Chief Executive Officer ("**Defendant II**"), Rinjani ("**Defendant III**"), Nordiansyah Nasrie, the Group's Chief Operating Officer ("**Defendant IV"**) and other third parties (collectively, the "**Defendants**").

The statement of claim against the Defendants, claims, inter alia, losses arising from events and transactions pertaining to the sale and purchase of Rinjani's shares from its original shareholders prior to the reverse takeover back in 2014, one of which being Ruznie. The amount being claimed of Rp665 billion (approximately US$50 million), represents, amongst others, Ruznie's loss of rights from the sale of Rinjani's shares and loss of opportunity to profit from the sale of Rinjani coal.

Following a decision of the West Jakarta District Court to exclude Rinjani from the mediation process due to its bankruptcy and unwillingness to participate, the mediation process recommenced with the first mediation hearing scheduled on 3 July 2018. The mediation hearing was before a panel of 3 judges and included Ruznie, Pilar Mas, and Defendants II and IV amongst others.

At the 3 July 2018 mediation hearing, no agreement was reached between the parties and as such an initial hearing was set for 10 July 2018 during which Pilar Mas and Defendants II and IV submitted their response to Ruznie's statement of claim. Following a number of hearings the latest on which was held on 15 August 2018 a further hearing has been scheduled for 29 August 2018 for Pilar Mas and Defendants II and IV to provide their updated response to Ruznie's statement of claim. Following completion of the mediation and hearing process and the presentation of witnesses the panel of judges shall then decide either in favour of Ruznie or Pilar Mas and Defendants II and IV.

30 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company were authorised for issue in accordance with a resolution of the directors dated 7 September 2018.

SHAREHOLDINGS **STATISTICS**

As at 23 August 2018

Share Capital Information

Issued and fully paid-up capital	:	S$307,306,455
Number of issued shares	:	1,832,999,998
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Class of shares	:	Ordinary share
Voting rights	:	One vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	9	0.51	321	0.00
100 – 1,000	237	13.36	109,277	0.01
1,001 – 10,000	468	26.38	2,219,228	0.12
10,001 – 1,000,000	953	53.72	153,230,246	8.36
1,000,001 and above	107	6.03	1,677,440,926	91.51
TOTAL	**1,774**	**100.00**	**1,832,999,998**	**100.00**

Top 20 Shareholders

No.	Name	No. of Shares	%
1	MADRONE ENTERPRISES LIMITED	650,000,000	35.46
2	ANG LIANG KIM	113,250,000	6.18
3	BLUE ENERGY HOLDINGS LIMITED	93,750,000	5.11
4	HO WEN YAN	75,800,000	4.14
5	LEONG ANN JONG	62,648,000	3.42
6	L.K. ANG CORPORATE PTE LTD	62,146,000	3.39
7	RAFFLES NOMINEES (PTE) LIMITED	51,364,257	2.80
8	UOB KAY HIAN PRIVATE LIMITED	43,953,880	2.40
9	DBS NOMINEES (PRIVATE) LIMITED	43,785,650	2.39
10	SUEN YIU CHUNG DICKY	39,326,692	2.15
11	OCBC SECURITIES PRIVATE LIMITED	22,726,450	1.24
12	PHILLIP SECURITIES PTE LTD	20,371,993	1.11
13	QUEK YIANG HANG	17,265,000	0.94
14	TIEW LEONG HENG	17,138,900	0.94
15	CITIBANK NOMINEES SINGAPORE PTE LTD	16,938,810	0.92
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	16,222,900	0.89
17	QUAN HENG SWEE JACOB (GUAN XINGRUI JACOB)	15,000,000	0.82
18	GOH CHENG SENG	13,619,600	0.74
19	LYE INVESTMENTS LIMITED	13,365,000	0.73
20	RHB SECURITIES SINGAPORE PTE. LTD.	12,964,000	0.71
	TOTAL	**1,401,637,132**	**76.48**

SHAREHOLDINGS **STATISTICS**

As at 23 August 2018

Substantial Shareholders as at 23 August 2018

Name of Substantial Shareholders	Direct Interest Number of Shares	%	Deemed Interest Number of Shares	%
Gabriel Giovani Sugiono	–	–	742,384,980[1]	40.5
Joyful Sky Limited	–	–	742,384,980[1]	40.5
Agus Sugiono	–	–	742,384,980[2]	40.5
Madrone Enterprises Limited	742,384,980	40.5	–	–
Blue Energy Holdings Limited	93,750,000	5.11	–	–
Xie Ping & Qing Guangmei	–	–	93,750,000[3]	5.11
Ang Liang Kim	123,288,000	6.73	62,146,000[4]	3.39

Notes:

(1) Joyful Sky Limited (the sole shareholder of Madrone Enterprises Limited) is a nominee of Gabriel Giovani Sugiono who is the ultimate beneficial owner of the shares in Madrone Enterprises Limited by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore. Gabriel Giovani Sugiono is therefore deemed to be interested in the shares of the Company held by Madrone Enterprises Limited.

(2) Agus Sugiono is the father of Gabriel Giovani Sugiono, who is the ultimate beneficial owner of the shares in Madrone Enterprises Limited by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore. Agus Sugiono is deemed to be interested in the shares of the Company held by Madrone Enterprises Limited.

(3) Xie Ping and Qing Guangmei are husband and wife, and they are deemed to be interested in the shares of the Company held by Blue Energy Holdings Limited by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore.

(4) Ang Liang Kim is deemed to be interested in the shares held by LK Ang Corporate Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore. The direct and deemed shareholdings of Ang Liang Kim are based on his notification to the Company. A portion of his shares are kept with Hong Leong Finance Nominees Pte Ltd.

Public Float

Based on information available to the Company as at **23 August 2018**, approximately 44.27% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of Section B: Rules of Catalist of the SGX-ST Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at TKP Conference Center, 137 Cecil Street, Hengda Building, #03-01, Tokyo 2 Room, Singapore 069537, on Friday, 28 September 2018 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2017 and the Directors' Statement and Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fee of S$216,000 for the financial year ending 31 December 2018 to be paid quarterly in arrears. **(Resolution 2)**

3. To re-elect Mr Chow Wai San, a Director of the Company retiring pursuant to Article 107 of the Company's Constitution. **(Resolution 3)**

   The key information of Mr Chow Wai San can be found in the Company's 2017 Annual Report. Mr Chow Wai San will, upon re-election as a Director of the Company, remain as Independent Director, Chairman of the Audit and Risk Management Committee and the Nominating Committee and a member of the Remuneration Committee.

4. To re-elect Mr Khoo Song Koon, a Director of the Company retiring pursuant to Article 107 of the Company's Constitution. **(Resolution 4)**

   The key information of Mr Khoo Song Koon, can be found in the Company's 2017 Annual Report. Mr Khoo Song Koon will, upon re-election as a Director of the Company, remain as Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and Nominating Committee.

5. To re-appoint Baker Tilly TFW LLP as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions, with or without modifications:-

6. AUTHORITY TO ISSUE SHARES

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and the Catalist Rules, authority be and is hereby given to the Directors of the Company at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit 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 may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force, provided that:

(i) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), and for the purpose of determining the aggregate number of Shares and Instruments that may be issued under this resolution, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for:

(1) new Shares arising from the conversion or exercise of any convertible securities;

(2) new Shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time this resolution is passed, provided the options or awards were granted in compliance with the Catalist Rules; and

(3) any subsequent bonus issue, consolidation or subdivision of Shares;

(ii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; and

(c) the Directors be and are hereby authorised to do any and all acts which they deem necessary and expedient in connection with paragraphs (a) and (b) above." **(Resolution 6)**

[See Explanatory Note I]

7. AUTHORITY TO GRANT SHARE OPTIONS AND ISSUE SHARES UNDER THE RPG EMPLOYEE SHARE OPTION SCHEME

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to grant share options in accordance with the provisions of the RPG Employee Share Option Scheme ("**RPG ESOS**") and to issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the share options granted under the RPG ESOS, provided always that the aggregate number of Shares to be issued pursuant to the RPG ESOS, when aggregated together with the Shares issued and/or issuable in respect of all share options granted under the RPG ESOS, and all Shares issued and/or issuable in respect of all share options or share awards granted under any other share schemes or share plans adopted by the Company for the time being, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(**Resolution 7)**

[See Explanatory Note II]

8. AUTHORITY TO GRANT SHARE AWARDS AND ISSUE SHARES UNDER THE RPG PERFORMANCE SHARE PLAN

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to grant share awards in accordance with the provisions of the RPG Performance Share Plan ("**RPG PSP**") and to issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards granted under the RPG PSP, provided always that the aggregate number of Shares to be issued pursuant to the RPG PSP, when aggregated together with the Shares issued and/or issuable in respect of all share awards granted under the RPG PSP, and all Shares issued and/or issuable in respect of all share options or share awards granted under any other share schemes or share plans adopted by the Company for the time being, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 8)**

[See Explanatory Note III]

ANY OTHER BUSINESS

9. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Foo Soon Soo (Ms)
Company Secretary

Date: 13 September 2018
SINGAPORE

NOTICE OF **ANNUAL GENERAL MEETING**

Explanatory Notes:-

I. The ordinary resolution in item 6 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting 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 and convertible securities in the Company up to an amount not exceeding in aggregate 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which the total number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, at the time this resolution is passed, for such purposes as they consider would be in the interests of the Company.

Rule 806(2)(a) of the Catalist Rules currently provides that for the purpose of determining the aggregate number of Shares and Instruments that may be issued under this resolution, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed (after adjusting for new Shares arising from the conversion of convertible securities or exercise of share options or vesting of share awards outstanding or subsisting at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares).

II. The ordinary resolution in item 7 above, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting 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 grant share options under the RPG ESOS and to issue Shares pursuant to the exercise of such share options in accordance with the RPG ESOS.

III. The ordinary resolution in item 8 above, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting 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 grant share awards under the RPG PSP and to issue Shares pursuant to the vesting of such share awards in accordance with the RPG PSP.

Notes:-

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. If not such proportion or number is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy as an alternative to the first named.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50. A member (other than a relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting.

3. A proxy need not be a member of the Company.

4. If the appointer is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

5. The instrument appointing a proxy must be deposited at the Company's registered office at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 not later than 48 hours before the time appointed for the meeting.

6. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the Annual General Meeting if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the Annual General Meeting.

7. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

8. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the Annual General Meeting in person as proxy of his/her CPF and/or SRS Approved Nominee. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting of the Company and/or any adjournment thereof, a member of the Company (i) contents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting of the Company (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 discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request, and (iv) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a results of the member's breach of warranty.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this notice.*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.

The contact person for the Sponsor is Ms Tay Sim Yee of 1 Robinson Road, #21-00 AIA Tower, Singapore 048542 telephone (65) 6832-3829.

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PROXY FORM

RESOURCES PRIMA GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 198602949M)

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the Meeting and vote.
2. For investors who have used their CPF monies to buy RESOURCES PRIMA GROUP LIMITED's shares, this Report is forwarded to them at the request of their CPF Approved Nominees.
   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 ______________________________ (Name) NRIC/Passport No. ______________

of ____ (Address)

being *a member/members of RESOURCES PRIMA GROUP LIMITED (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

*and/or

as *my/our *proxy/proxies, to vote for *me/us and on *my/our behalf at the Annual General Meeting of the Company ("Annual General Meeting") to be held at TKP Conference Center, 137 Cecil Street, Hengda Building, #03-01, Tokyo 2 Room, Singapore 069537, on Friday, 28 September 2018 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Annual General Meeting as indicated with a tick (√) in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	No. of Votes or indicate with a tick	
		For**	Against**
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2017 and the Directors' Statement and Auditors' Report thereon.		
2.	To approve the payment of Directors' fees of S$216,000 for the financial year ending 31 December 2018 to be paid quarterly in arrears.		
3.	To re-elect Mr Chow Wai San, a Director of the Company retiring pursuant to Article 107 of the Company's Constitution.		
4.	To re-elect Mr Khoo Song Koon, a Director of the Company retiring pursuant to Article 107 of the Company's Constitution.		
5.	To re-appoint Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
6.	To authorise the Directors of the Company to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore.		
7.	To authorise the Directors of the Company to grant share options, allot and issue shares under the RPG Employee Share Option Scheme.		
8.	To authorise the Directors of the Company to grant share awards, allot and issue shares under the RPG Performance Share Plan.		

All resolutions would be put to vote by poll in accordance with listing rule of the Singapore Exchange Securities Limited.

Please tick (√) or indicate the number of votes within the box provided. A tick would represent you are exercising all your votes "For" or "Against" the relevant resolution.

Dated this __________ day of ____________________ 2018

Total Number of Shares Held

____

Signature(s) of Member(s)/Common Seal

*Delete accordingly

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THE PROXY FORM

Notes:

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting ("**AGM**"). Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. If not such proportion or number is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy as an alternative to the first named.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 (the "Companies Act").

3. A proxy need not be a member of the Company.

4. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. 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. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where, the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

7. A corporation, which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with the Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.

8. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 333 North Bridge Road #08-00 KH KEA Building, Singapore 188721 not later than 48 hours before the time set for the AGM.

9. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register maintained by the Central Depository (Pte) Limited, he should insert the number of shares if the member has shares registered in his/her name in the Register of Members of the Company, he/she should insert the number of shares. If the member has shares entered against his/her name in the Depository Register and shares registered in his name in the Register of Members of the Company, he/she should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

10. 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 members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

11. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his/her name appears on the Depository Register 72 hours before the time set for the AGM.

12. 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 the AGM.

Resources Prima Group Limited

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#08-00, KH KEA Building
Singapore 188721

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