

GOLDEN ENERGY AND RESOURCES LIMITED

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

Unaudited Financial Statements for the Period Ended 31 December 2016
Part 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, & Q3), HALF YEAR AND FULL YEAR RESULTS

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

	Notes	Group		
		12 Months Ended		
		31.12.2016	Restated 31.12.2015 ⁽¹⁾	+ / (-) %
		US\$'000		
Revenue	1	393,272	359,771	9.3
Cost of sales		(249,167)	(248,042)	0.5
Gross profit		144,105	111,729	29.0
Other income	2	11,456	5,185	120.9
Selling and distribution expenses		(56,443)	(67,335)	(16.2)
Administrative expenses		(34,767)	(36,395)	(4.5)
Other operating expenses		(3,840)	(8,295)	(53.7)
Fair value loss on forestry assets		(2,531)	(2,726)	(7.2)
Finance costs	3	(11,112)	(11,934)	(6.9)
Profit/(Loss) before tax	4	46,868	(9,771)	579.7
Income tax (expense)/benefit	5	(13,204)	1,114	(1285.3)
Profit/(Loss) for the period		33,664	(8,657)	488.9
Other comprehensive income not to be reclassified to profit or loss :				
Net actuarial (loss)/gain on post employment benefits		(46)	235	(119.6)
Other comprehensive income to be reclassified to profit or loss:				
Foreign currency translation		218	568	(61.6)
Total comprehensive income for the period		33,836	(7,854)	530.8
Profit/(Loss) attributable to:				
Owners of the Company		21,755	(9,395)	331.6
Non-controlling interests		11,909	738	1513.7
		33,664	(8,657)	488.9
Total comprehensive income attributable to:				
Owners of the Company		22,316	(8,534)	361.5
Non-controlling interests		11,520	680	1594.1
		33,836	(7,854)	530.8

n.m. : denotes not meaningful

Note (1): In accordance with FRS 103 Business Combinations, the comparative figures presented in the consolidated statement of comprehensive income include (i) the results of GEMS Group from 1 January 2015 to 31 December 2015; and (ii) the results of GEAR Group from 1 May 2015 to 31 December 2015.

Notes to the Statement of Comprehensive Income

		Group		
		12 Months Ended		
		31.12.2016	Restated 31.12.2015 ⁽¹⁾	+ / (-) %
		US\$'000		
1	Revenue			
	Coal Mining	329,523	300,414	9.7
	Coal Trading	54,817	52,772	3.9
	Forestry	7,143	6,433	11.0
	Others	1,789	152	1077.0
		393,272	359,771	9.3
2	Other Income			
	Foreign exchange (loss)/gain, net	255	-	n.m.
	Interest income	6,099	4,044	50.8
	Compensation income	485	188	158.0
	Port income	-	157	(100.0)
	Overprovision of withholding tax expense	1,851	-	n.m.
	Miscellaneous income	2,768	796	247.7
		11,458	5,185	121.0
3	Finance costs			
	Interest expenses	6,466	7,122	(9.2)
	Trade financing charges	4,028	3,965	1.6
	Amortisation of discounted loans and borrowings	325	272	19.5
	Others	293	575	(49.0)
		11,112	11,934	(6.9)

		Group		
		12 Months Ended		
		31.12.2016	Restated 31.12.2015 ⁽¹⁾	+ / (-) %
		US\$'000		
4	Profit before tax is arrived after charging the following:			
	Freight and stockpile	67,397	76,022	(11.3)
	Royalty fees	33,883	26,382	28.4
	Mining services and overheads	110,095	130,854	(15.9)
	Depreciation of property, plant and equipment	4,952	4,713	5.1
	Amortisation expenses	24,982	30,375	(17.8)
	Foreign exchange (gain)/loss, net	-	5,246	(100.0)
	Expenses in connection with DSS acquisition	-	138	(100.0)
	Reversal of inventories written down	(772)	-	n.m.
	Inventories recognised as an expenses in cost of sales	56,916	39,674	43.5
	Inventories written down to net realisable value	38	233	(83.5)
	Inventories written off	-	16	(100.0)
5	Income tax expenses can be analysed as follows:			
	Current Income Tax	12,983	2,873	351.9
	Deferred Income Tax (Benefit)/Expense	353	(3,972)	108.9
		13,336	(1,099)	1313.5
	Overprovision in respect of previous years			
	Deferred Income Tax	(132)	(15)	780.0
		13,204	(1,114)	1285.3

n.m. : denotes not meaningful

Note (1): In accordance with FRS 103 Business Combinations, the comparative figures presented in the consolidated statement of comprehensive income include (i) the results of GEMS Group from 1 January 2015 to 31 December 2015; and (ii) the results of GEAR Group from 1 May 2015 to 31 December 2015.

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

	Group		Company	
	As at 31.12.2016	Restated As at 31.12.2015	As at 31.12.2016	As at 31.12.2015
	US\$'000		US\$'000	
Non-Current Assets				
Forestry assets	-	3,766	-	-
Property, plant and equipment	58,940	59,727	9	5
Mining properties	83,716	63,524	-	-
Intangible assets	12,204	12,709	-	-
Goodwill on consolidation ⁽ⁱ⁾	105,722	98,562	-	-
Amounts due from subsidiaries	-	-	217	-
Investment in subsidiaries	-	-	1,203,073	1,228,755
Other investments	14	14	-	-
Deferred tax assets	7,768	8,538	-	-
Asset exploration and evaluation	407	-	-	-
Trade and other receivables	258	710	-	-
Restricted funds	639	299	-	-
Other non-current assets	23,567	47,369	-	-
	293,235	295,218	1,203,299	1,228,760
Current Assets				
Inventories	8,637	16,543	-	-
Amounts due from subsidiaries	-	-	1,510	239
Trade and other receivables	79,046	90,550	204	158
Advances to supplier	58,403	45,366	-	-
Other current assets	1,551	1,330	91	39
Cash and cash equivalents	79,076	44,487	20,354	183
	226,713	198,276	22,159	619
Current Liabilities				
Trade and other payables	61,985	87,437	9,372	10,722
Amounts due to subsidiaries	-	-	1,798	1,787
Provision for taxation	8,808	589	52	-
Loans and borrowings	2,270	20,645	-	16,368
	73,063	108,671	11,222	28,877
Net Current Assets/(Liabilities)	153,650	89,605	10,937	(28,258)
Non-Current Liabilities				
Trade and other payables	348	109	-	-
Loans and borrowings	47,388	104,883	-	56,778
Deferred tax liabilities	9,820	3,368	95	-
Post-employment benefits	2,338	1,907	-	-
Provision for mine closure	1,440	1,396	-	-
	61,334	111,663	95	56,778
Net Assets	385,551	273,160	1,214,141	1,143,724
Represented by:				
Equity attributable to equity holders of the Company				
Share capital	316,253	232,076	1,631,352	1,546,171
Reserves	(18,683)	(41,001)	(417,211)	(402,447)
	297,570	191,075	1,214,141	1,143,724
Non-controlling interests	87,981	82,085	-	-
Total Equity	385,551	273,160	1,214,141	1,143,724

Note (i) Goodwill on consolidation comprises:

As at 31.12.2016 US\$'000	
Goodwill from GEMS Group #	7,855
Goodwill arising from completion of acquisition	97,867
Total	<u>105,722</u>

It included a provisional goodwill of US\$7.2 million arising from acquisition of new subsidiaries

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debts securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount repayable in one year or less, or on demand ⁽¹⁾				Amount repayable after one year ⁽²⁾			
As at 31.12.2016		Restated As at 31.12.2015		As at 31.12.2016		Restated As at 31.12.2015	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
US\$'000		US\$'000		US\$'000		US\$'000	
2,270	-	15,330	5,315	47,388	-	104,883	-

(1) These represent aggregate balances of short term loans and borrowings.

(2) These represent aggregate balances of long term loans and borrowings.

Details of any collateral

The following sets out the details of the collateral for the Group's borrowings :

- (a) Pledge on the trade receivables and/or inventories for a minimum amount and a fixed margin deposit of a subsidiary; and
(b) The collaterals include certain property and equipment, and pledge of shares of a subsidiary and related company; and corporate guarantee from related company.

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

	Group	
	12 Months Ended	
	31.12.2016	Restated 31.12.2015⁽¹⁾
	US\$'000	
Cash flows from operating activities:		
Profit/(loss) before tax	46,868	(9,771)
Adjustments for:		
Provision for mine closure	280	410
Depreciation of property, plant and equipment	4,952	4,713
Gain on disposal of property, plant and equipment	-	(10)
Defined post-employment benefit expense	558	415
Amortisation of mining properties	21,382	27,024
Amortisation of software	239	361
Amortisation of land exploitation	2,856	2,653
Amortisation of intangible assets	505	337
Amortisation of discounted loans and borrowings	325	272
Impairment loss on PPE	85	-
Reversal of inventories written down	(772)	-
Inventories written down to net realisable value	38	233
Inventories written off	-	16
Fair value loss on forestry assets	2,531	2,726
Interest and other financial charges	10,494	11,086
Interest income	(6,099)	(4,044)
Expenses in connection with DSS acquisition	-	-
Net exchange differences	(4,723)	3,068
Operating cash inflows before changes in working capital	79,519	39,489
(Increase)/Decrease in inventories	8,640	(5,247)
Decrease/(Increase) in trade and other receivables, advances and other current assets	(309)	(36,527)
(Decrease)/Increase in trade and other payables	(25,248)	8,788
Cash flows generated from/(used in) operations	62,602	6,503
Interest and other financial charges paid	(9,647)	(6,966)
Interest income received	5,190	2,644
Income taxes paid	(3,734)	(5,982)
Net cash flows generated from/(used in) operating activities	54,411	(3,801)
Cash flows from investing activities		
Net cash inflow on completion of the Acquisition	-	1,451
Net cash outflow on acquisition of subsidiaries	(37,026)	-
Additions to forestry assets	(956)	(1,238)
Additions to mining properties	(5,637)	(4,471)
Difference arising from additional investment in subsidiaries	(3)	-
Proceeds from disposal of property, plant and equipment	-	32
Purchase of property, plant and equipment	(2,037)	(2,599)
Payment for mines under construction	(26)	-
Receipts from/(Payments for) loan to third parties	7	(29,952)
Decrease/(Increase) in other non-current assets	19,665	(23,973)
Changes in restricted funds	(325)	1,115
Net cash flows used in investing activities	(26,338)	(59,635)
Cash flows from financing activities		
Payment of dividend	-	(2,024)
Payment of dividend to NCI of subsidiaries	(5,622)	(52)
Proceeds from compliance placement	84,178	-
Proceeds from loans and borrowings	18,131	58,445
Repayment of loans and borrowings	(92,563)	(10,355)
Net cash flows generated from financing activities	4,124	46,014
Net increase/(decrease) in cash and cash equivalents	32,197	(17,422)
Effect of exchange rate changes on cash and cash equivalents	2,392	(1,309)
Cash and cash equivalents at beginning of the year	44,487	63,218
Cash and cash equivalents at end of the year	79,076	44,487

Note (1): In accordance with FRS 103 Business Combinations, the comparative figures presented in the consolidated statement of cash flows include (i) the cash flow movement of GEMS Group from 1 January 2015 to 31 December 2015; and (ii) the cash flow movement of GEAR Group from 1 May 2015 to 31 December 2015.

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

(i) Statement of Comprehensive Income for the 12 months ended 31 December 2016 and 31 December 2015

	Group		Company	
	12 Months Ended		12 Months Ended	
	31.12.2016	Restated 31.12.2015	31.12.2016	Restated 31.12.2015
	US\$'000		US\$'000	
Profit/(Loss) for the year	33,664	(8,657)	11,825	(2,636)
Other comprehensive income not to be reclassified to profit & loss:				
Net actuarial (loss)/gain on post employment benefits	(46)	235	-	-
Other comprehensive income to be reclassified to profit & loss:				
Foreign currency translation	218	568	(25,586)	(54,660)
Total comprehensive income for the year	33,836	(7,854)	(13,761)	(57,296)
Total comprehensive income attributable to:				
Owners of the Company	22,316	(8,534)	(13,761)	(57,296)
Non-controlling interests	11,520	680	-	-
	33,836	(7,854)	(13,761)	(57,296)

(ii) Consolidated statement of changes in equity for the 12 months ended 31 December 2016 and 31 December 2015

	Attributable to owners of the Company						Non-controlling Interests	Total Equity
	Share Capital	Foreign Currency Translation	Other Reserves	Retained earnings	Total Reserves			
GROUP	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	
Balance as at 1 January 2016, restated	232,076	(50,046)	1,270	7,775	(41,001)	82,085	273,160	
Profit for the year	-	-	-	21,755	21,755	11,909	33,664	
<u>Other comprehensive income</u>								
Net actuarial loss on post employment benefits	-	-	9	-	9	(55)	(46)	
Foreign currency translation	-	552	-	-	552	(334)	218	
Other comprehensive income for the year	-	552	9	-	561	(389)	172	
Total comprehensive income for the year	-	552	9	21,755	22,316	11,520	33,836	
<u>Contributions by and distributions to owners</u>								
Dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	(5,622)	(5,622)	
Total contributions by and distributions to owners	-	-	-	-	-	(5,622)	(5,622)	
Difference arising from additional investments in a subsidiary	-	-	2	-	2	(2)	-	
Issuance of shares pursuant to Compliance Placement	85,098	-	-	-	-	-	85,098	
Share issuance expenses	(921)	-	-	-	-	-	(921)	
Balance as at 31 December 2016	316,253	(49,494)	1,281	29,530	(18,683)	87,981	385,551	
Balance as at 1 January 2015⁽¹⁾	294,085	(75,826)	1,927	27,156	(46,743)	716	248,058	
Loss for the year, restated	-	-	-	(9,395)	(9,395)	738	(8,657)	
<u>Other comprehensive income, restated</u>								
Net actuarial gain on post employment benefits	-	-	104	-	104	131	235	
Foreign currency translation, restated	-	757	-	-	757	(189)	568	
Other comprehensive income for the year	-	757	104	-	861	(58)	803	
Total comprehensive income for the year, restated	-	757	104	(9,395)	(8,534)	680	(7,854)	
Difference arising from disposal of subsidiary	-	-	(145)	-	(145)	145	-	
Effects of Reverse Acquisition in accordance with FRS 103, restated	(62,009)	25,023	(616)	(7,962)	16,445	80,603	35,039	
Dividends paid	-	-	-	(2,024)	(2,024)	(59)	(2,083)	
Balance as at 31 December 2015	232,076	(50,046)	1,270	7,775	(41,001)	82,085	273,160	

Note (1): In accordance with FRS 103 Business Combinations, the comparative figures presented in the consolidated statement of changes in equity include (i) the changes in equity of GEMS Group from 1 January 2015 to 31 December 2015; and (ii) the movement of reserves of GEAR Group from 1 May 2015 to 31 December 2015.

(iii) Statement of changes in equity of the Company for the 12 months ended 31 December 2016 and 31 December 2015

	Attributable to owners of the Company						Total Equity
	Share Capital	Foreign Currency Translation	Other Reserves	Share Based Reserves	Accumulated Losses	Total Reserves	
COMPANY	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance as at 1 January 2016	1,546,171	(8,029)	5,826	1,003	(401,247)	(402,447)	1,143,724
Profit for the year	-	-	-	-	11,825	11,825	11,825
<u>Other comprehensive income</u>							
Foreign currency translation	-	(25,586)	-	-	-	(25,586)	(25,586)
Total comprehensive income for the year	-	(25,586)	-	-	11,825	(13,761)	(13,761)
Issuance of shares pursuant to Compliance Placement	86,102	-	-	(1,003)	-	(1,003)	85,099
Share issuance expenses	(921)	-	-	-	-	-	(921)
"Total transactions with owners in their capacity as owners"	85,181	-	-	(1,003)	-	(1,003)	84,178
Balance as at 31 December 2016	1,631,352	(33,615)	5,826	-	(389,422)	(417,211)	1,214,141
Balance as at 1 January 2015	257,956	46,631	5,826	-	(398,611)	(346,154)	(88,198)
Loss for the year, restated	-	-	-	-	(2,636)	(2,636)	(2,636)
<u>Other comprehensive income, restated</u>							
Foreign currency translation, restated	-	(54,660)	-	-	-	(54,660)	(54,660)
Total comprehensive income for the year, restated	-	(54,660)	-	-	(2,636)	(57,296)	(57,296)
Issuance of ordinary shares	1,288,387	-	-	-	-	-	1,288,387
Share issuance expenses	(172)	-	-	-	-	-	(172)
Reserve for share based payment, restated	-	-	-	1,003	-	1,003	1,003
Total transactions with owners in their capacity as owners	1,288,215	-	-	1,003	-	1,003	1,289,218
Balance as at 31 December 2015	1,546,171	(8,029)	5,826	1,003	(401,247)	(402,447)	1,143,724

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

	No of shares
As at 31 December 2015	2,170,120,082
Issuance of shares pursuant to Compliance placement	182,980,298
As at 31 December 2016	<u>2,353,100,380</u>

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

	As at 31.12.2016	As at 31.12.2015
Total number of issued shares	<u>2,353,100,380</u>	<u>2,170,120,082</u>

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

Not applicable.

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

The figures have not been audited nor reviewed by the Company's auditor.

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

Not applicable.

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

The accounting policies and methods of computation are consistent with those applied by the Group and the Company and as adopted in the financial statements for the year ended 31 December 2016.

On 20 April 2015, the Company completed the reverse acquisition ("RTO" or the "Acquisition") of PT Golden Energy Mines Tbk ("GEMS") and its subsidiaries (the "GEMS Group") as set out in the circular to Shareholders dated 30 January 2015 ("Circular") and the Company announcement dated 20 April 2015.

Following the completion of the RTO and the disposal of Poh Lian Construction (Pte.) Ltd. (In Liquidation) on 20 April 2015, the core business of the Company and its subsidiaries is that of the GEMS Group, which is in the business of coal mining and coal trading. Since 20 April 2015, the Group are principally engaged in coal mining, coal trading and forestry.

Basis of preparation of the financial statements

At Group Level

Accounting for the Reverse Acquisition

The acquisition of the GEMS Group was accounted for as a reverse acquisition in accordance with FRS 103 Business Combinations. GEMS Group was identified to be the accounting acquirer and the Company was deemed to be the accounting acquiree. Accordingly, the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheets, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows of the Group (comprising the Company and GEMS Group) for the financial period ended 30 June 2015 has been presented as a continuation of GEMS Group's financial statements.

Since the comparative financial position as at 31 December 2015 of the Group represent a continuation of the financial statements of GEMS Group:-

- the assets and liabilities of the Company and its subsidiaries were recognised and measured in the consolidated balance sheets at their fair values on completion date;

- the comparative consolidated statement of comprehensive income of 2015 reflects the comparative 12 month results of GEMS Group together with the post-acquisition results of GEAR and its subsidiaries from May 2015.

At Company Level

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level. At the Company's level, for accounting purposes, the investments in the legal subsidiaries are accounted for at cost.

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

Nil.

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

Group	
12 Months Ended	
31.12.2016	Restated 31.12.2015
0.42	(0.22)
5,155,305	4,308,205
0.42	(0.22)
5,155,305	4,308,205

Profit/(loss) net of tax for the year attributable to owners of the Company used in the computation of basic and diluted loss per share:

- (i) Basic earning/(loss) earnings per share (US cents) :-
- Weighted average number of ordinary shares ('000)
- (ii) Diluted earning/(loss) earnings per share (US cents) :-
- Adjusted weighted average number of ordinary shares ('000)

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

Net assets value per share (US cents)
Number of shares ('000)

Group		Company	
31.12.2016	Restated 31.12.2015	31.12.2016	Restated 31.12.2015
12.65	8.80	51.60	52.70
2,353,100	2,170,120	2,353,100	2,170,120

8 **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

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

Revenue

The Group's revenue comprises revenue generated from Coal Mining, Coal Trading and Forestry Divisions. Revenue from the Group increased from US\$359.8 million in FY15 to US\$393.3 million in FY16. The increase was mainly due to:

Coal Mining Division

The Group's Coal Mining Division reported an increase in revenue from US\$300.4 million in FY15 to US\$329.5 million in FY16. The increase was mainly due to higher sales volume as compared to the corresponding reporting year. Average realised selling price increased from US\$32.89 per metric ton in 4Q15 to US\$38.68 per metric ton in 4Q16.

Coal Trading Division

Revenue generated by the Group's Coal Trading Division increased from US\$52.8 million in FY15 to US\$54.8 million in FY16. The increase was mainly due to higher sales volume, offset by lower average sales realisation price as compared to the corresponding reporting year.

Forestry Division

Forestry revenue increased from US\$6.4 million in FY15 to US\$7.1 million in FY16 due to higher average realised selling price offset by lower sales volume.

Cost of Sales

The Group reported an increase in cost of sales from US\$248.0 million in FY15 to US\$249.2 million in FY16. This was mainly due to higher sales activities.

Gross margin

The Group's gross profit increased from US\$111.7 million in FY15 to US\$144.1 million in FY16. The increase in gross profit was mainly due to the above factors.

Other income

The Group's other income increased from US\$5.2 million in FY15 to US\$11.5 million in FY16, mainly due to increase of (1) foreign exchange gain of US\$0.3 million; (2) US\$2.1 million from interest income from loan granted to third parties; (3) overprovision of withholding tax expenses of US\$1.9 million; and (4) miscellaneous income of US\$2.0 million mainly due to overprovision of interest expense.

Expenses

Selling and distribution expenses

The Group's selling and distribution expenses decreased from US\$67.3 million in FY15 to US\$56.4 million in FY16 mainly due to decrease in freight expenses as a result of more sales under FOB barge term.

Administrative expenses

The Group's administrative expenses remained relatively stable for FY16.

Other operating expenses

The Group's other operating expenses decreased from US\$8.3 million in FY15 to US\$3.8 million in FY16 mainly due to absence of foreign exchange loss.

Finance costs

The Group's finance costs was relatively stable for FY16.

Income tax expenses

Income tax expenses increased from tax credit of US\$1.1 million in FY15 to tax expense of US\$13.2 million in FY16 as a result of higher taxable profits during the year.

Profit after tax

Due to the factors above, the Group reported a net profit of US\$33.7 million in FY16 as compared to a net loss of US\$8.7 million in FY15.

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

Review of Statement of Financial Position

Non-current assets

- Forestry assets decreased by US\$3.8 million as a result of fair value change in forestry assets.
- Mining properties increased by US\$20.2 million primarily on account of mining properties from the acquisition of new subsidiaries, offset by amortisation during the period under review.
- The decrease in deferred tax assets of US\$0.8 million was due to the utilisation of prior years' deferred tax benefits.
- The increase in asset exploration and evaluation was due to the acquisition of new subsidiaries during the year.
- The decrease in trade and other receivables of US\$0.5 million was due to receivables collection.
- The decrease in other non-current assets of US\$23.8 million was mainly due to lower (1) tax refund and (2) guarantee deposits on mining services.

Current assets

- The decrease in inventories of US\$7.9 million was mainly due to lower coal inventory volume as compared to 31 December 2015.
- The decrease in trade and other receivables of US\$11.5 million was mainly due to improved collection.
- The increase in advances and other current assets of US\$13.3 million was mainly due to an increase of advance payment of US\$13.2 million to coal suppliers during the period under review.

Current liabilities

- Trade and other payables decreased by US\$25.5 million, mainly due to lower purchase of coal inventories as of December 2016 and prompt payment to suppliers as compared to December 2015.
- Provision for taxation increased by US\$8.2 million as a result of the increase in taxable profit during the period under review.
- Loans and borrowings decreased by US\$18.4 million as a result of loans settlements during the period under review.

Non-current liabilities

- The increase in trade and other payables was due to the acquisition of new subsidiaries.
- Post-employment benefits increased by US\$0.4 million mainly due to higher employees benefit liability during the current reporting period.
- Loans and borrowings decreased by US\$57.5 million mainly due to loans settlements.
- Deferred tax liabilities increased by US\$6.5 million mainly due to the acquisition of new subsidiaries.

As at 31 December 2016, the Group has net current assets of US\$153.7 million and the Company has net current assets of US\$11.0 million. The Group has loans and borrowings totalling US\$49.7 million out of which US\$2.3 million are due within the next 12 months.

Review of Statement of Cash Flows

For FY16, the Group had net cash inflows of US\$32.2 million mainly due to the following:

Net cash generated from operating activities of US\$54.4 million which comprised operating cash inflow before working capital changes of US\$79.5 million, net working capital outflow of US\$16.9 million and income tax paid and interest and other financial charges paid of US\$3.7 million and US\$9.6 million respectively and interest income received of US\$5.2 million.

The net working capital outflow of US\$16.9 million was mainly due to decrease in trade and other payables of US\$25.2 million and an increase in trade and other receivables, advances and other current assets of US\$0.3 million offset by a decrease in inventories of US\$8.6 million.

Net cash flows used in investing activities of US\$26.3 million was mainly due to (1) net cash outflow on acquisition of subsidiaries of US\$37.0 million; (2) additions to mining properties of US\$5.6 million; (3) additions to forestry assets of US\$1.0 million; (4) purchase of property, plant and equipment of US\$2.0 million; and (5) changes in restricted fund of US\$0.3 million offset by decrease in other non-current assets of US\$19.7 million.

Net cash flows generated from financing activities of US\$4.1 million was due to proceeds received from issuance of share capital of US\$84.2 million and proceeds from loans and borrowings of US\$18.1 million offset with repayment of loans and borrowings of US\$92.6 million and payment of dividend to non-controlling interests of subsidiaries of US\$5.6 million.

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

Not applicable.

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

Looking ahead, GEAR continues to maintain a positive outlook for its coal business in view of expectations of a supply shortfall due to strong demand growth for thermal coal among Asia's emerging markets, such as India, which is reliant on coal-fired power to meet soaring domestic energy demand. India's power generation is expected to increase to around 1,750 terawatts hour ("TWh") by 2020, with coal accounting for more than 1,230 TWh¹.

Additionally, China's coal imports, which has surged 64% to 24.91 MT in January this year, is also projected to increase further as a result of restrictions on local productions as part of its long-term plans to manage its smog and greenhouse gas emissions². The country's demand for thermal coal from other sources could also increase further as a result of its recent ban on North Korean coal import.

Domestically, the Indonesian government under President Jokowi's administration has implemented an electrification programme to add 35,000 megawatts (MW) in power generation capacity across the country by 2019. Of which, almost 20,000 MW will come from coal-fired plants, and this is expected to drive up domestic demand for coal³.

GEAR's BIB 4,000 – 4,200 GAR coal, which has an established branding in the market, is currently highly sought after due to its suitability for both major export markets as well as domestic power producers. Due to its low sulphur specifications, BIB's coal is also good for blending with higher sulphur coal.

Against this backdrop, GEAR remains committed in its program in maximising the Group's production capacity to meet growing demand for coal in both its domestic and overseas markets.

Extracted from:-

1. www.argusmedia.com

2. <http://www.platts.com/latest-news/coal/singapore/chinas-jan-coal-imports-surge-644-on-year-to-26660225>

3. http://www.thejakartapost.com/news/2016/11/07/indonesian-coal-miners-remain-cautious-despite-predicted-increase-in-demand.html?fb_comment_id=1230045003719212_1230575203666192#f35cf70a2c9e6a

11 If a decision regarding dividend has been made:-

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

None.

(b) (i) Amount per share..... cents.

None.

(b) (ii) Previous corresponding period cents

None.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the financial period ended 31 December 2016.

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

Rule 920(1)(a)(ii) - An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate (if any) for interested person transactions for the financial periods which it is required to report on pursuant to Rule 705 within the time required for the announcement of such report. The disclosure must be in the form set out in Rule 907.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	12 Months Ended	12 Months Ended
	31.12.2016 US\$'000	31.12.2016 US\$'000
Sales :		
PT Indah Kiat Pulp & Paper Tbk	-	83,243
PT Lontar Papyrus Pulp and Paper Industry	-	24,578
PT Sinar Mas Agro Resources & Technology Tbk	-	3,672
PT Ekamas Fortuna	-	443
PT Pabrik Kertas Tjiwi Kimia Tbk	-	406
PT SOCI Mas	-	279
Hainan Jinhai Trading (Hong Kong) Co., Ltd **	3,870	-
PT Ivo Mas Tunggal	2,016	-
PT Energi Sejahtera Mas	448	-
Interest income :		
PT Bank Sinarmas Tbk	-	66
Purchases :		
PT Rolimex Kimia Nusamas	-	48
Rental expenses :		
PT Royal Oriental	-	745
Repair and maintenance:		
PT Wirakarya Sakti	-	1,026
Insurance expenses :		
PT Kalibesar Raya Utama	-	47
PT Asuransi Sinar Mas	-	951
Interest expenses :		
PT Dian Swastatika Sentosa Tbk	-	48
Asia Star Fund Ltd ®	(4,356)	-

@ US\$35.00 million loan facility granted by Asia Star Fund Ltd on 12 January 2011 and utilised in FY 2011.

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

14 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out Appendix 7.7) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers.

15 Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(a) Operating Segment

	2016					
	Coal Mining	Coal Trading	Forestry & Pulp	Others	Elimination	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment revenue						
Revenue from external customers	329,523	54,817	7,143	1,789	-	393,272
Inter segment revenue	-	525	108	-	(633)	-
Total revenue	329,523	55,342	7,251	1,789	(633)	393,272
Segment results						
Interest income	52,123	41,859	(793)	39,705	(81,012)	51,882
Finance costs	-	-	-	-	-	6,099
Loss before tax	-	-	-	-	-	(11,112)
Income tax expense	-	-	-	-	-	46,869
Profit after tax	-	-	-	-	-	(13,204)
						33,665
Segment assets						
Unallocated assets	201,863	358,721	11,580	92,218	(242,300)	422,082
Total assets						97,867
						519,949
Segment liabilities						
Unallocated liabilities	(112,972)	(86,476)	(162,684)	(5,324)	264,255	(103,201)
Total liabilities						(31,198)
						(134,399)
Other segment information						
Depreciation of property, plant and equipment	4,357	151	439	5	-	4,952
Amortisation expenses	24,258	218	-	-	-	24,476
Fair value loss on forestry assets	-	-	2,531	-	-	2,531
Compensation income	-	-	(485)	-	-	(485)
Reversal of inventories written down	-	-	772	-	-	772
Inventories written down to net realisable value	-	-	(38)	-	-	(38)

	2015					
	Coal Mining	Coal Trading	Forestry & Pulp	Others	Elimination	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment revenue						
Revenue from external customers	300,414	52,772	6,433	152	-	359,771
Inter segment revenue	-	7,843	41	-	(7,884)	-
Total revenue	300,414	60,615	6,474	152	(7,884)	359,771
Segment results						
	23,600	(12,747)	952	(4,198)	(9,490)	(1,883)
Interest income						4,044
Finance costs						(11,934)
Loss before tax						(9,773)
Income tax benefit						1,114
Loss after tax						(8,659)
Segment assets						
	235,678	357,876	15,070	40,790	(253,788)	395,626
Unallocated assets						97,867
Total assets						493,493
Segment liabilities						
	(168,575)	(100,875)	(166,119)	(7,265)	312,809	(130,025)
Unallocated liabilities						(90,309)
Total liabilities						(220,334)
Other segment information						
Depreciation of property, plant and equipment	4,189	143	379	2	-	4,713
Amortisation expenses	29,697	349	-	-	-	30,046
Fair value loss on forestry assets	-	-	2,726	-	-	2,726
Compensation income	-	-	(188)	-	-	(188)
Inventories written down to net realisable value	-	-	233	-	-	233
Inventories written off	-	16	-	-	-	16

(b) Geographical Segment

	Segment revenue		Other segment information	
	Sales to external customers		Non-current assets	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Singapore	1,859	-	9	5
Indonesia	229,113	195,927	293,227	295,213
Asia Pacific	161,621	163,692	-	-
Europe	679	152	-	-
Consolidated	393,272	359,771	293,236	295,218

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Coal Mining Division

The Group's Coal Mining Division reported an increase in revenue of US\$29.1 million from US\$300.4 million in FY15 to US\$329.5 million in FY16. The increase was contributed by an increase in sales volume and an increase in average sales realisation price during the year.

Coal Trading Division

Revenue generated by the Group's Coal Trading Division increased by US\$2.0 million from US\$52.8 million in FY15 to US\$54.8 million in FY16 mainly due to higher sales volume, offset by lower average sales realisation price during the year.

Forestry Division

The Group's Forestry Division reported revenue of US\$7.1 million in FY16 from US\$6.4 million in FY15, due to higher average realised selling price offset by lower sales volume.

17 A breakdown of sales

	Group (US\$'000)		
	2016	2015	+/- %
Sales reported for first half year	186,977	168,255	11.13
Operating profit after tax before deducting non-controlling interests reported for first half year	1,731	2,873	(39.75)
Sales reported for second half year	206,295	191,516	7.72
Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	31,933	(11,530)	(376.96)
Total sales for the year	393,272	359,771	9.31
Total operating profit/(loss) after tax before deducting non-controlling interests reported for the year	33,664	(8,657)	(488.86)

- (a) **Rule 705 (7)(a) - Details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the Company and a summary of the expenditure incurred in those activities, including explanation for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.**

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

The Group has not performed mining development in BIB concession during the period under review

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

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

- (b) **Rule 705 (7)(b) - An update on its reserves and resources, where applicable, in accordance with the requirements as set out in Practice Note 6.3, including a summary of reserves and resources as set out in Appendix 7.5.**

Name of Asset / Country: Borneo Mines / Indonesia

Category	Gross Attributable to Licence (1)			Net Attributable to the Company		
	Mineral Type	Tonnes (Millions)(4)	Grade	Tonnes (Millions)	Grade	Change from previous update (%) (2)
Reserves						
Proved	Coal	516.1	Sub-bituminous B	339.2	Sub-bituminous B	-0.47%
Probable	Coal	135.8	Sub-bituminous B	89.3	Sub-bituminous B	-0.22%
Total		651.9		428.5		-0.42%
Resources						
Measured	Coal	916	Sub-bituminous B	602	Sub-bituminous B	-0.33%
Indicated	Coal	335	Sub-bituminous B	220	Sub-bituminous B	0.09%
Inferred	Coal	565	Sub-bituminous B	371	Sub-bituminous B	0.08%
Total		1,816		1,193		-0.07%

Notes :

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

Name of Asset / Country: KIM Mines / Indonesia

Category	Gross Attributable to Licence (1)			Net Attributable to the Company		
	Mineral Type	Tonnes (Millions)(4)	Grade	Tonnes (Millions)	Grade	Change from previous update (%) (2)
Reserves						
Proved	Coal	42.3	Sub-bituminous B	28.3	Sub-bituminous B	-2.08%
Probable	Coal	14.1	Sub-bituminous B	9.4	Sub-bituminous B	0.00%
Total		56.4		37.7		-1.31%
Resources						
Measured	Coal	113	Sub-bituminous B	75	Sub-bituminous B	-0.39%
Indicated	Coal	59	Sub-bituminous B	40	Sub-bituminous B	-1.25%
Inferred	Coal	85	Sub-bituminous B	57	Sub-bituminous B	-0.18%
Total		257		172		-0.46%

- (1) IUP License issued by the Keputusan Bupati Bungo.
(2) Previous coal resources and coal reserve estimates were reported as at 31 December 2015
(3) Coal resources are inclusive of coal reserves
(4) Individual totals may differ due to rounding

Category	Gross Attributable to Licence (1)			Net Attributable to the Company		
	Mineral Type	Tonnes (Millions)(4)	Grade	Tonnes (Millions)	Grade	Change from previous update (%) (2)
Reserves Proved	Coal	0	Sub-bituminous B	0	Sub-bituminous B	N.M
Probable	Coal	0	Sub-bituminous B	0	Sub-bituminous B	N.M
Total		0		0		N.M
Resources Measured	Coal	25	Sub-bituminous B	12	Sub-bituminous B	-38.95%
Indicated	Coal	26	Sub-bituminous B	12	Sub-bituminous B	103.33%
Inferred	Coal	24	Sub-bituminous B	11	Sub-bituminous B	-5.83%
Total		75		35		-5.41%

(1) IUP License issued by the Keputusan Bupati Bungo.

(2) Previous coal resources and coal reserve estimates were reported as at 15 July 2014

(3) Coal resources are inclusive of coal reserves

(4) Individual totals may differ due to rounding.

Category	Gross Attributable to Licence (1)			Net Attributable to the Company		
	Mineral Type	Tonnes (Millions)(4)	Grade	Tonnes (Millions)	Grade	Change from previous update (%) (2)
Reserves Proved	Coal	23.9	Sub-bituminous B	16	Sub-bituminous B	-11.60%
Probable	Coal	45.9	Sub-bituminous B	30.8	Sub-bituminous B	12.00%
Total		69.8		46.8		2.63%
Resources Measured	Coal	40	Sub-bituminous B	27	Sub-bituminous B	14.53%
Indicated	Coal	58	Sub-bituminous B	39	Sub-bituminous B	-3.23%
Inferred	Coal	85	Sub-bituminous B	57	Sub-bituminous B	-4.53%
Total		183		123		0.00%

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

(2) Previous coal resources and coal reserve estimates were reported as at 16 May 2016

(3) Coal resources are inclusive of coal reserves

(4) Individual totals may differ due to rounding.

19 A breakdown of the total annual dividend (in US\$ value) for the issuer's latest full year and its previous full year

Not applicable.

20 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such person, the issuer must make an appropriate negative Statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Fuganto Widjaja	35	Fuganto Widjaja, Executive Director and Group Chief Executive Officer of the Company, is the son of Mr. Indra Widjaja and the nephew of Mr. Franky Oesman Widjaja and Mr. Muktar Widjaja. Mr. Indra Widjaja, Mr. Franky Oesman Widjaja and Mr. Muktar Widjaja are ultimate controlling shareholders of the Company.	Executive Director and Group Chief Executive Officer of the Company First held: FY 2015 Commissioner of PT Golden Energy Mines Tbk ("GEMS"), a subsidiary of the Company First held: FY 2017 President Commissioner of PT Borneo Indobara, a subsidiary of GEMS First held: FY 2011 President Commissioner of PT Roundhill Capital Indonesia, a subsidiary of GEMS First held: FY 2011 President Commissioner of PT Karya Mining Solutions (formerly known as PT Bumi Anugerah Semesta), a subsidiary of GEMS First held: FY 2013	The appointment as Commissioner in GEMS was approved by the shareholders of GEMS at GEMS' EGM held on 25 November 2016.

21 Use of placement proceeds

Referring to the placement of 181,000,000 new ordinary shares at S\$0.67 each in the issued and paid-up share capital of the Company on 9 December 2016, pursuant to which gross proceeds of S\$121,270,000 (or net proceeds of S\$120,093,000) was raised.

As at the date of this announcement, the Company has utilised the net proceeds as follows:

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

Note (1): The variance is the result of early settlement of the loans owing to creditors as previously estimated and impact of the exchange rate forecasted.

The use of proceeds as stated above is in accordance with the intended use as stated in the Company's placement announcements dated 28 November 2016 and 7 December 2016.

The Company will make periodic announcements on the further utilisation of the remaining net proceeds as and when it is materially disbursed, and will provide a status report on the use of the Placement in its annual reports as may be required under the SGX-ST Listing Rules.

BY ORDER OF THE BOARD
Fuganto Widjaja
Executive Director, Chief Executive Officer
28 February 2017

RHB Securities Singapore Pte. Ltd. (formerly known as DMG & Partners Securities Pte Ltd) was the financial adviser to the Company for the acquisition of 66.9998% of the issued and paid-up share capital of PT Golden Energy Mines Tbk (the "Financial Adviser"). The Financial Adviser has not reviewed this announcement and assumes no responsibility for the contents of this announcement.