SAKARI RESOURCES LIMITED

(Incorporated in Singapore. Registration Number: 199504024R)

AND ITS SUBSIDIARIES

ANNUAL REPORT

For the financial year ended 31 December 2022

SAKARI RESOURCES LIMITED
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 31 December 2022

Contents

DIRECTORS' STATEMENT
For the financial year ended 31 December 2022

The directors present their statement to the members together with the audited financial statements of Sakari Resources Limited and its subsidiaries ("the Group") for the financial year ended 31 December 2022 and the balance sheet of Sakari Resources Limited ("the Company") as at 31 December 2022.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 7 to 82 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

Directors

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

Mr Cherdchai Boonchoochauy	Non-executive Chairman
Mr Ekachai Sirithammasan	Chief Executive Officer/Executive Director
Mrs Sujirat Thientawach	Non-executive Director
Mr Han Eng Juan	Independent Director
Mr Thanakorn Poolthavee	Independent Director

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2022	At 1.1.2022	**At 31.12.2022**	At 1.1.2022
PTT Public Company Limited				
Ultimate holding corporation				
(No. of ordinary shares)				
Mr Ekachai Sirithammasan	**106,170**	106,170	**-**	-
Mrs Sujirat Thientawach	**-**	-	**9,800**	9,800
PTT Global Chemical Plc				
Related corporation				
(No. of ordinary shares)				
Mr Ekachai Sirithammasan	**36,117**	38,617	**-**	-
Mrs Sujirat Thientawach	**-**	-	**3,000**	3,000
IRPC Public Company Limited				
Related corporation				
(No. of ordinary shares)				
Mr Ekachai Sirithammasan	**-**	-	**53,300**	53,300
Mrs Sujirat Thientawach	**-**	-	**50,000**	50,000
PTT Oil and Retail Business Public Company Limited				
Related corporation				
(No. of ordinary shares)				
Mr Ekachai Sirithammasan	**96**	-	**-**	-
Mrs Sujirat Thientawach	**-**	-	**7,134**	7,134

(b) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year hold any interests in options to subscribe for ordinary shares of the Company.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unisssued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ekachai Sirithammasan

Ekachai Sirithammasan
Director

B. Cherdchai

Cherdchai Boonchoochauy
Director

9 February 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAKARI RESOURCES LIMITED

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Sakari Resources Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("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 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:
- the consolidated income statement of the Group for the financial year ended 31 December 2022;
- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2022;
- balance sheets of the Group and the Company as at 31 December 2022;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority 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.

Other Information

Management is responsible for the other information. The other information obtained at the date of this report comprises the Directors' Statement 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 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. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAKARI RESOURCES LIMITED
(continued)

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.
- 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.

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

- 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.

Report on Other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 9 February 2023

SAKARI RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2022

	Note	Group **2022** **US$'000**	Group 2021 US$'000
Revenue	4	**959,484**	511,183
Cost of sales	7	**(490,948)**	(331,281)
Gross profit		**468,536**	179,902
Other income	5	**2,125**	1,361
Other losses – net			
- Fair value losses on derivative financial instruments	6	**(114,452)**	(26,123)
- Others	6	**6,435**	(6,706)
Expenses			
- Finance	9	**(292)**	(237)
- Corporate and technical support	7	**(8,375)**	(8,603)
Profit before income tax		**353,977**	139,594
Income tax expense	10	**(99,854)**	(43,816)
Profit for the year		**254,123**	95,778

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

SAKARI RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	Group 2022 US$'000	Group 2021 US$'000
Profit for the year		**254,123**	95,778
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
- Fair value (losses)/gains		**(88,765)**	1,580
- Reclassifications		**87,185**	-
		(1,580)	1,580
Item that will not be reclassified subsequently to profit or loss:			
Financial assets, at FVOCI			
- Fair value gain – equity investment	16	**-**	482
Remeasurement of defined benefit plans		**806**	8
Other comprehensive (loss)/income, net of tax		**(774)**	2,070
Total comprehensive income		**253,349**	97,848

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

SAKARI RESOURCES LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS
As at 31 December 2022

	Note	Group **2022** **US$'000**	Group 2021 US$'000	Company **2022** **US$'000**	Company 2021 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**251,488**	200,537	**43,144**	39,412
Derivative financial instruments	23	**327**	3,329	**-**	-
Inventories	13	**16,182**	12,417	**-**	-
Trade and other receivables	12	**119,971**	89,794	**68,894**	66,622
Tax receivables	14	**228**	737	**132**	555
		388,196	306,814	**112,170**	106,589
Non-current assets					
Other receivables	15	**27,839**	28,795	**-**	-
Tax receivables	14	**8,755**	6,291	**-**	-
Investments in subsidiaries		**-**	-	**55,630**	54,607
Property, plant and equipment	17	**257,441**	273,782	**221**	684
Exploration and evaluation	19	**-**	-	**-**	-
Goodwill	20	**174**	174	**-**	-
Deferred income tax assets	21	**295**	326	**-**	-
		294,504	309,368	**55,851**	55,291
Total assets		**682,700**	616,182	**168,021**	161,880
LIABILITIES					
Current liabilities					
Trade and other payables	22	**87,861**	74,895	**348**	436
Derivative financial instruments	23	**-**	1,225	**-**	-
Current income tax liabilities		**45,061**	14,731	**-**	-
Lease liabilities	24	**289**	529	**219**	459
Provisions	25	**9,988**	11,353	**881**	696
		143,199	102,733	**1,448**	1,591
Non-current liabilities					
Deferred income tax liabilities	26	**12,501**	14,377	**637**	641
Lease liabilities	24	**135**	217	**-**	217
Provisions	25	**13,307**	14,059	**-**	-
		25,943	28,653	**637**	858
Total liabilities		**169,142**	131,386	**2,085**	2,449
NET ASSETS		**513,558**	484,796	**165,936**	159,431
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	27	**328,767**	328,767	**328,767**	328,767
Treasury shares	27	**(286)**	(286)	**(286)**	(286)
Other reserves	28	**(11,111)**	(10,337)	**8,403**	8,403
Retained profits/(Accumulated losses)	29	**196,188**	166,652	**(170,948)**	(177,453)
Total equity		**513,558**	484,796	**165,936**	159,431

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

SAKARI RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

		← Attributable to equity holders of the Company →				
	Note	**Share capital US$'000**	**Treasury shares US$'000**	**Other reserves US$'000**	**Retained profits US$'000**	**Total US$'000**
2022						
Balance at 1 January 2022		**328,767**	**(286)**	**(10,337)**	**166,652**	**484,796**
Profit for the year		-	-	-	254,123	254,123
Other comprehensive loss for the year		-	-	(774)	-	(774)
Total comprehensive income for the year		**-**	**-**	**(774)**	**254,123**	**253,349**
Dividends paid	30	-	-	-	(224,587)	(224,587)
Total transactions with owners, recognised directly in equity		**-**	**-**	**-**	**(224,587)**	**(224,587)**
Balance at 31 December 2022		**328,767**	**(286)**	**(11,111)**	**196,188**	**513,558**
2021						
Balance at 1 January 2021		**328,767**	**(286)**	**(19,762)**	**167,657**	**476,376**
Profit for the year		-	-	-	95,778	95,778
Other comprehensive income for the year		-	-	2,070	-	2,070
Total comprehensive income for the year		**-**	**-**	**2,070**	**95,778**	**97,848**
Dividend paid	30	-	-	-	(89,428)	(89,428)
Total transactions with owners, recognised directly in equity		**-**	**-**	**-**	**(89,428)**	**(89,428)**
Transfer upon disposal of Financial assets, at FVOCI	28(e), 29	-	-	7,355	(7,355)	-
Balance at 31 December 2021		**328,767**	**(286)**	**(10,337)**	**166,652**	**484,796**

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

SAKARI RESOURCES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2022

	Note	Group 2022 US$'000	2021 US$'000
Cash flows from operating activities			
Receipts from customers		**950,532**	479,815
Payments to suppliers and employees		**(482,933)**	(326,581)
Performance and bid bonds placed with a bank		**(3,873)**	-
Payments for derivative financial instruments - net		**(114,701)**	(25,615)
Cash generated from operations		**349,025**	127,619
Interest received		**2,088**	1,160
Income taxes paid		**(73,834)**	(36,761)
Income taxes refunded		**761**	15,713
Net cash provided by operating activities	35	**278,040**	107,731
Cash flows from investing activities			
Disposal of financial assets, at FVOCI		**-**	1,201
Additions to property, plant and equipment		**(1,403)**	(1,052)
Disposal of property, plant and equipment		**1,814**	1,500
Repayment of loan to related party		**117**	-
Net cash provided by investing activities		**528**	1,649
Cash flows from financing activities			
Principal payment of lease liabilities		**(506)**	(680)
Interest paid		**(11)**	(28)
Dividends paid to equity holders of the Company	30	**(224,587)**	(89,428)
Net cash used in financing activities		**(225,104)**	(90,136)
Net increase in cash and cash equivalents		**53,464**	19,244
Cash and cash equivalents at beginning of the financial year		**200,537**	180,773
Effect of exchange rate movements on cash and cash equivalents		**(2,513)**	520
Cash and cash equivalents at end of the financial year	11	**251,488**	200,537

Reconciliation of liabilities arising from financing activities

	1 January US$'000	Principal and interest payments US$'000	Non-cash changes: Addition during the year US$'000	Modification of lease liability US$'000	Interest expense US$'000	Foreign exchange movement US$'000	31 December US$'000
Lease liabilities							
2022	746	(517)	215	-	11	(31)	424
2021	974	(708)	-	446	28	6	746

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. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 391B Orchard Road, Ngee Ann City, Tower B #17-01, Singapore 238874. Sakari Resources Limited and its subsidiaries together are referred to in these financial statements as the Group.

The principal activity of the Company is that of investment holding. The Group is principally engaged in the exploration for and mining and marketing of coal.

The Company's immediate parent company is PTT Mining Ltd, a company incorporated in Hong Kong. The Company's ultimate parent company is PTT Public Company Limited, a company incorporated in Thailand. The address of PTT Public Company Limited is 555 Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900, Thailand.

2. Summary of significant accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2022

On 1 January 2022, the Group adopted the new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRSs and INT FRSs did not result in substantial changes to the accounting policies of the Group and had no material effect on the amounts reported for the current or prior financial years.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Interest Rate Benchmark Reform – Phase 2

In the previous year, the Group has adopted the amendments to FRS 109, FRS 107 and FRS 116 Interest Rate Benchmark Reform – Phase 2 effective 1 January 2021. In accordance with the transition provisions, the amendments shall be applied retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

Financial instruments measured at amortised cost

Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by IBOR reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. A similar practical expedient exists for lease liabilities.

These expedients are only applicable to changes that are required by IBOR reform, which is the case if, and only if, the change is necessary as a direct consequence of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change.

Effect of IBOR reform

Following the global financial crisis, the reform and replacement inter-bank offered rates ("IBOR") has become a priority for global regulators. The Group does not have risk exposure that is directly affected by the IBOR reform. The Company's risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate other receivables due from subsidiaries that are linked to the USD London Interbank Offered Rate ("USD LIBOR").

USD LIBOR will cease publication after 30 June 2023, and it is expected to be replaced by the Secured Overnight Financing Rate ("SOFR"). The Company has variable-rate USD receivables due from subsidiaries which references to the USD LIBOR and are repayable on demand. The Company's communication with its subsidiaries is ongoing, but specific changes required by IBOR reform have not yet been agreed. The expected transition from USD LIBOR to SOFR had no effect on the amounts reported for the current and prior financial years.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Interest Rate Benchmark Reform – Phase 2 (continued)

Effect of IBOR reform (continued)

The following table contains details of all the financial instruments that the Company holds at 31 December 2022 which are referenced to USD LIBOR and have not yet transitioned to new benchmark rates:

	USD LIBOR Carrying amount US$'000
Company:	
31 December 2022	
Assets	
- Other receivables due from subsidiaries	**205,320**

(b) Group accounting

(i) Subsidiaries

Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. 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.

2. Summary of significant accounting policies (continued)

(b) Group accounting (continued)

(i) Subsidiaries (continued)

Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

Disposals

When a change in the Group'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 are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

(b) Group accounting (continued)

(i) Subsidiaries (continued)

Disposals (continued)

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(ii) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Currency translation

(i) 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 the entity operates ("functional currency"). The financial statements are presented in United States Dollars, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments) and financial liabilities.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other losses – net".

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

2. Summary of significant accounting policies (continued)

(c) Currency translation (continued)

(iii) 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 exchange 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 currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

(d) Revenue

(i) Sale of goods – Coal

The Group recognises revenue from the sales of coal when control of the products has transferred to its customers, being when the products are delivered to the locations specified by its customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risk of loss has been transferred to the customer, and either the customer has accepted the products in accordance with the sales contracts or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of value added tax, rebates, discounts and after eliminating sales within the Group. No element of financing is deemed present as the sales are made either with letter of credit or credit terms up to 30 days.

2. Summary of significant accounting policies (continued)

(d) Revenue (continued)

(i) Sale of goods – Coal (continued)

A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

The Group's coal sales may be subject to adjustment based on the inspection of shipments by the customer. In these cases, sales are recognised based on the Group's best estimate of the grade and/or quantity at the time of shipment and any subsequent adjustments are recorded against sales. Historically, the difference between estimated and actual grade and/or quantity are not significant.

(ii) Rendering of services

Revenue from logistics services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

The customers are invoiced monthly. A contract asset is recognised for the cumulative revenue recognised but not yet invoiced.

(iii) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

2. Summary of significant accounting policies (continued)

(e) Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when 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 affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (continued)

(e) Income taxes (continued)

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

(f) Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Right-of-use assets are presented within “Property, plant and equipment”.

- Lease liabilities

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

2. Summary of significant accounting policies (continued)

(f) Leases (continued)

When the Group is the lessee: (continued)

- Lease liabilities (continued)

  Lease payments include the following:

  - Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
  - Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
  - Amount expected to be payable under residual value guarantees;
  - The exercise price of a purchase option if is reasonably certain to exercise the option; and
  - Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

  For a contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a changes in the Group's assessment of whether it will exercise an extension option; or
  - There are modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

  The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2. Summary of significant accounting policies (continued)

(g) Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(h) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

(i) Inventories

Run of mine coal and finished product coal are valued at the lower of cost and net realisable value. The cost of coal inventories is determined using the weighted average cost method. Costs includes direct material, overburden removal, mining, processing, labour incurred in the extraction process and an appropriate proportion of variable and fixed overhead costs directly related to mining activities. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Inventories are classified as follows:

(i) Run of mine: This is material extracted through the mining process.
(ii) Finished product coal: These are products that have passed through all stages of the production process.
(iii) Consumables: These are goods or supplies to be either directly or indirectly consumed in the production process.

(j) Financial assets

Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

2. Summary of significant accounting policies (continued)

(j) Financial assets (continued)

Classification and measurement (continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

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

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest method.

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. The Group has elected to classify equity investments as FVOCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are recognised as “fair value gains and losses” in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as “dividend income”.

2. Summary of significant accounting policies (continued)

(j) Financial assets (continued)

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Recognition and derecognition

Regular way 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 debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

(k) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. Summary of significant accounting policies (continued)

(l) Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) fair value hedge; (b) cash flow hedge; or (c) net investment hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis on whether the hedging relationship meets the hedge effectiveness requirements under FRS 109.

The fair value of various derivative financial instruments used for hedging purposes are disclosed in Note 23. The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

The following hedge in place qualified as a cash flow hedge under FRS 109:

Cash flow hedge – Newcastle Coal (NEWC) swaps

The Group has entered into NEWC swaps that qualify as cash flow hedges against highly probable forecasted NEWC index-linked sales transactions with third party customers. The fair value changes on the effective portion of the NEWC swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and reclassified to profit or loss when the hedged highly probable forecasted NEWC index-linked sales transactions is recognised in profit or loss and presented separately in “other gains/losses - net”. The fair value changes on the ineffective portion of NEWC swaps are recognised immediately in profit or loss.

(m) Property, plant and equipment

(i) Measurement

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

2. Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

(ii) Components of cost

The cost of an item 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, as well as the estimated future costs of dismantling and removing the asset. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

(iii) Mining properties

Development expenditure incurred by the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and the related infrastructure and exclude physical assets, which are recorded in property, plant and equipment.

Once a development decision has been taken, the carrying amount of the exploration and evaluation assets relating to the area of interest is transferred to “mines under development” within mining properties and aggregated with the subsequent development expenditure.

A “mine under development” is reclassified to “mines in production” within mining properties at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

Mining properties comprise:

- Capitalised exploration and evaluation assets for properties now in production
- Development expenditure (including pre-production stripping)
- Acquisition costs and mineral rights acquired
- Production stripping (as described below in “deferred stripping costs”)

No amortisation is recognised in respect of development properties until they are reclassified as “mines in production”.

When further development expenditure is incurred in respect of a mining property after the commencement of production, such expenditure is carried forward as part of the “mines in production” asset when it is probable that additional future economic benefits associated with the expenditure will flow to the Group. Otherwise, such expenditure is classified as a cost of production.

2. Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

(iii) *Mining properties* (continued)

"Mines in production" are amortised using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in an amortisation charge proportional to the depletion of proved and probable reserves.

Identifiable mining properties acquired in a business combination are recognised as assets at their fair value. Development expenses incurred subsequent to the acquisition of the mining properties are accounted for in accordance with the policy outlined above.

These assets are tested for impairment in accordance with the policy in Note 2(p).

Deferred stripping costs

Overburden and other mine waste materials are often removed during the initial development of a mine site in order to access the mineral deposit. This activity is referred to as development stripping. The directly attributable costs are capitalised under mining properties. Capitalisation of development stripping costs ceases at the time that saleable material begins to be extracted from the mine and these costs are depreciated over the life of the mine based on the 'waste to coal' ratio.

Production stripping commences from the point saleable materials are being extracted from the mine. Stripping costs incurred during the production phase might benefit current period production and improve access to ore bodies in future periods. Where benefits are realised in the form of inventory produced in the current period, these costs are accounted for as part of the cost of producing inventory. Where a benefit of improved access exists, the costs are recognised as part of mine properties when the following criteria are met:

(a) it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
(b) the Group can identify the component of the coal seam for which access has been improved; and
(c) the costs relating to the stripping activity associated with that component can be measured reliably.

2. Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

(iii) Mining properties (continued)

Deferred stripping costs (continued)

In identifying the components of the coal seam, mining operations personnel will analyse the Group's mine plans. Generally a component will be subset of the total coal body and a mine may have several components, for example, certain quantities of coal within separate mining pits.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of coal, plus an allocation of directly attributable overhead costs. This is accounted for as an addition to an existing asset, which the Group has determined to be "Mining properties".

When the costs of stripping to improve access to a coal seam are not clearly distinguishable from the costs of producing current inventories, i.e., there is a mixture of waste and ore being removed, the stripping costs are allocated based on a relevant measure of production. This production measure is calculated for the identified component of the coal body. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production.

The stripping activity asset is subsequently amortised using the units of production method over the life of the identified component of the ore body for which access has been improved. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the coal seam. The stripping activity asset is then carried at cost less depreciation and impairment losses, if any.

(iv) Depreciation of plant, property and equipment

The depreciable amount of items of property, plant and equipment are depreciated over their useful lives, or over the remaining life of the mine if shorter. Depreciation commences when an asset is available for use. The major categories of property, plant and equipment are depreciated either on a units-of-production and/or straight-line basis as follows:

Units-of-production basis

For mining properties, land rights and certain mining equipment, the economic benefits from the asset are consumed in a pattern which is linked to the production level. Except as noted below, such assets are depreciated on a units-of-production basis.

2. Summary of significant accounting policies (continued)

(m) Property, plant and equipment (continued)

(iv) Depreciation of plant, property and equipment (continued)

Straight line basis

Assets which have a physical life shorter than the related mine or whose usage is not directly related to production levels, are depreciated on a straight line basis as follows:

• Buildings	20 years
• Plant and equipment	3 – 15 years
• Capital work in progress	Not depreciated

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Changes to the estimated residual values or useful lives are accounted for prospectively. In applying the units-of-production method, depreciation/amortisation is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proved and probable reserves. Non-reserve material may be included in depreciation/amortisation calculations where there is a high degree of confidence in its economic extraction. Reserves/resources and life of mine estimates are reviewed on an annual basis and depreciation calculations are adjusted accordingly where necessary.

(v) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(vi) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other gains/losses – net”.

2. Summary of significant accounting policies (continued)

(n) Exploration and evaluation assets

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the income statement. Exploration and evaluation expenditure are capitalised in respect of each area of interest for which the rights to tenure are current and where:

(i) The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest; or alternatively, by its sale; or

(ii) Exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence (or otherwise) of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation expenditure comprises costs that are directly attributable to: acquisition of rights to explore, researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, and activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources.

General and administration costs are allocated to, and included in, the cost of an exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to mining properties, a component of property, plant and equipment, when the technical feasibility and commercial viability of extracting the mineral resource are demonstrable and sanctioned by the Board.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. To the extent that capitalised exploration and evaluation expenditure is not expected to be recovered, it is charged to the income statement.

Cash flows associated with exploration and evaluation expenditure are classified as investing activities in the consolidated statement of cash flows.

2. Summary of significant accounting policies (continued)

(o) Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

(p) Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group’s cash-generating-units (“CGU”) expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU’s fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment
Right-of-use assets
Investments in subsidiaries

Property, plant and equipment, right-of-use assets and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

2. Summary of significant accounting policies (continued)

(p) Impairment of non-financial assets (continued)

(b) *Property, plant and equipment*
Right-of-use assets
Investments in subsidiaries (continued)

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in profit and loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(q) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Summary of significant accounting policies (continued)

(r) Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of property, plant and equipment. This includes those costs on borrowings acquired specifically for the construction or development of property, plant and equipment, as well as those in relation to general borrowings used to finance the construction or development of property, plant and equipment.

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

Provision for rehabilitation and dismantling

The Group has present obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment and mining pits. The Group recognises the estimated costs of dismantlement, removal or restoration or rehabilitation of items of property, plant and equipment arising from the acquisition or use of assets. The provisions are estimated based on the best estimate of the expenditure required to settle or transfer the obligation, taking into consideration the time value of money.

The estimated costs are measured at the present value of the expenditure expected to be required to settle the obligation using the discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the income statement under finance expenses. Changes in the estimated timing or amount of the expenditure or discount rate are accounted for as a change in the corresponding capitalised cost of the related assets, unless the decrease in the liability exceeds the carrying amount of the asset has reached the end of its useful life. In such cases, the excess or the decrease over the carrying amount of the assets or the changes in the liability is recognised in profit or loss immediately.

2. Summary of significant accounting policies (continued)

(t) Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) Wages and salaries

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are recognised under Trade and other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of FRS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2. Summary of significant accounting policies (continued)

(t) Employee compensation (continued)

(iv) Defined contribution plans (continued)

The Group's contributions are recognised as employee compensation expense when they are due.

(v) Defined benefit plans

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans, which the Group pays to an employee on termination of employment, whether the termination is voluntary or not. These benefits are mandatory under certain jurisdictions the Group operates within.

The liability recognised in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (considering there is no deep market for high-quality corporate bonds) that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss.

(vi) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2. Summary of significant accounting policies (continued)

(u) Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants related to expenses are deducted against the related expense.

(v) Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

(w) Dividends to the Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(i) Estimation for the provision for rehabilitation and dismantling

Provisions for rehabilitation and dismantling of property, plant and equipment and mining pits are estimated taking into consideration facts and circumstances of the Group's mining properties available at the balance sheet date. These estimates are based on the expenditure required to transfer or settle the obligation for rehabilitation and dismantling, taking into consideration the time value of money. Cost estimates can vary in response to many factors including changes to the relevant legal requirements, the Group's environmental policies, the emergence of new restoration techniques, the timing of the expenditures and the effects of inflation. Experience gained at other mine or production sites is also a significant consideration. Cost estimates are updated throughout the life of the operation.

The expected timing of expenditure included in cost estimates can also change, for example in response to changes in ore reserves, production rates, operating license or economic conditions. Cash flows are discounted if this has a material effect. The selection of appropriate sources on which to base calculation of the risk-free discount rate used for this purpose also requires judgement.

Changes in these estimates and assumptions may impact the carrying value of the provision for rehabilitation and dismantling of property, plant and equipment and mining pits. The provision recognised is reviewed at each reporting date and updated based on the facts and circumstances available at that time.

(ii) Impairment of property, plant and equipment

Property, plant and equipment is tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. For the purpose of impairment testing, the recoverable amounts of the assets are determined based on value-in-use calculations which require the use of estimates.

3. Critical accounting estimates, assumptions and judgements (continued)

(ii) Impairment of property, plant and equipment (continued)

The determination of value-in-use requires management to make estimates and assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, closure and rehabilitation costs, future capital expenditure and discount rate. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in profit or loss.

Management determined that there is no indication of impairment for the property, plant and equipment as at 31 December 2022 and 31 December 2021.

(iii) Uncertain tax positions

The Group is subject to income taxes in Singapore and Indonesia. The Group operates in these jurisdictions where legislative applications can give rise to uncertain tax positions. Management believe that the current tax positions taken by the Group are appropriate and supportable by expert advice where relevant. In determining the income tax liabilities, management is required to estimate the taxable income and the deductibility of certain expenses ("uncertain tax positions") at each jurisdiction. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. Details of the uncertain tax positions are disclosed in Note 10.

Deferred tax assets, including those arising from unutilised tax losses, capital allowances and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production, sales volumes or sales of service, commodity prices, reserves, operating costs, restoration and reclamation costs, capital expenditure, dividends and other capital management transactions.

3. Critical accounting estimates, assumptions and judgements (continued)

(iv) Determination of coal reserves

Judgement is required in determining the Group's coal reserves taking into account various assumptions regarding mining costs and the sale price of the particular resource concerned. The Group's economically recoverable coal reserves are sensitive to the cost and revenue assumptions used due to the geological structure of the deposits, which means that, all other factors remaining the same, higher cost assumptions or lower price assumptions will result in lower estimated reserves, and lower cost assumptions or higher price assumptions will result in higher estimated reserves. The Group bases all assumptions on geological reports and uses only measured reserves.

Additional geological data is gathered during the course of mining operations and this, in conjunction with the various assumptions used, could result in a change in estimated coal reserves from period to period. Changes in estimated coal reserves could affect the Group's financial results in a numbers of ways, including the value of mining properties from business acquisition, the depreciation and amortisation charged to profit or loss where such charges are determined by the unit-of-production basis as well as the carrying value of certain mine assets due to change in estimates of mine life and future discounted cash flows.

Management expects that any reasonable change in the key assumptions would not cause a significant change to the estimated coal reserves.

(v) Deferred stripping costs

Certain mining costs, principally those that relate to the stripping of waste and which relate to future economically recoverable coal to be mined, are capitalised and included in mining properties, which is classified in the balance sheet under property, plant and equipment. These costs are deferred and subsequently taken to the cost of production through the amortisation of mining properties. The waste to ore ratio and the remaining life of the mine are regularly assessed by the Board and senior management to ensure the carrying value and rate of deferral is appropriate taking into consideration the available facts and circumstances from time to time.

Significant judgement is required to distinguish between stripping costs related to the extraction of inventory and that which relates to the creation of a stripping activity asset.

The carrying value of the deferred stripping cost which is included within mining properties is US$77 million (2021: US$71 million) as at 31 December 2022.

3. Critical accounting estimates, assumptions and judgements (continued)

(vi) Capitalisation and impairment of exploration and evaluation assets

Exploration and evaluation expenditures are capitalised on the balance sheet, in respect of areas of interest for which the rights of tenure are current and where such costs are expected to be recouped or exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves. The carrying value of assets within each area of interest are reviewed regularly taking into consideration the available facts and circumstances, and to the extent to which the capitalised value exceeds its recoverable value, the excess is provided for or written off in the year in which this is determined.

Management suspended the development and exploration of the areas of interest in previous financial years and accordingly, the exploration and evaluation assets of US$12,463,000 in respect of these areas of interest were fully impaired (Note 19).

4. Revenue

(a) Disaggregation of revenue from contracts with customers

	Group		
	At a point in time US$'000	Over time US$'000	Total US$'000
2022			
Coal sales	**958,160**	**-**	**958,160**
Logistics service revenue	**-**	**1,324**	**1,324**
	958,160	**1,324**	**959,484**
2021			
Coal sales	509,651	-	509,651
Logistics service revenue	-	1,519	1,519
Other revenue	13	-	13
	509,664	1,519	511,183

4. **Revenue** (continued)

(b) Contract assets and liabilities

	Note	31 December **2022** **US$'000**	31 December 2021 US$'000	1 January 2021 US$'000
Accrued income	12	**-**	363	1,057
Unearned revenue		**-**	-	1,000

Unsatisfied performance obligations

There are no unsatisfied performance obligations as at 31 December 2022 and 31 December 2021.

(c) Trade receivables from contracts with customers

	Note	Group 31 December **2022** **US$'000**	 2021 US$'000	 1 January 2021 US$'000
Current assets				
Trade receivables from contracts with customers	12	**79,760**	55,847	27,797
Loss allowance	12	**(1,033)**	(1,045)	(1,047)
		78,727	54,802	26,750

5. **Other income**

	Group **2022** **US$'000**	Group 2021 US$'000
Interest income from bank deposits	**2,125**	1,361

6. Other losses – net

	Group	
	2022	2021
	US$'000	US$'000
Fair value losses on derivative financial instruments	**(114,452)**	(26,123)
Foreign exchange (losses)/gains – net	**(3,030)**	313
Gain on sale of property, plant and equipment	**14**	531
Loss on liquidation of subsidiaries	**-**	(50)
Corporate share restructuring costs	**(996)**	(7,500)
Compensation received from a customer	**9,706**	-
Others	**741**	-
	(108,017)	(32,829)

7. Expenses by nature

	Group	
	2022	2021
	US$'000	US$'000
Depreciation and amortisation (Note 17)	**24,004**	25,931
Deferred stripping amortisation (Note 17)	**34,656**	27,415
Mining	**267,706**	190,696
Processing	**7,438**	6,454
Movement in inventories	**(3,627)**	(1,161)
Inventory write down	**-**	508
Barging and shipping	**40,777**	31,537
Government royalties	**82,399**	26,454
Agency fees and commission	**15,890**	4,895
Direct site support	**6,083**	7,632
Employee compensation (Note 8)	**10,539**	10,888
Corporate, consulting and technical services fees	**2,639**	1,846
Rental expense	**819**	1,054
Rates and taxes	**7,027**	3,135
Other expenses	**2,973**	2,600
Total cost of sales and corporate and technical support expenses	**499,323**	339,884

8. Employee compensation

	Group	
	2022	2021
	US$'000	US$'000
Wages and salaries	**8,759**	9,393
Employer's contributions to defined contribution plans	**387**	406
Other staff benefits	**1,393**	1,089
	10,539	10,888

Grant income of US$Nil (2021: US$41,000) was recognised during the financial year under the Job Support Scheme (the "JSS") and deducted against "Wages and salaries". The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. The scheme had been extended up to 2021 by the Government. Under the JSS, employers will receive cash grant in relation to the gross monthly wages of eligible employees.

9. Finance expenses

	Group	
	2022	2021
	US$'000	US$'000
Interest expense - Lease liabilities	**11**	28
Bank charges	**281**	209
	292	237

10. Income taxes

(a) Income tax expense

	Group	
	2022	2021
	US$'000	US$'000
Tax expense attributable to profit is made up of:		
Current income tax	**75,457**	30,287
Withholding tax	**25,471**	11,200
Deferred income tax	**(1,414)**	838
	99,514	42,325
Under provision in prior financial years:		
Current income tax	**325**	577
Deferred income tax	**15**	914
	340	1,491
Total income tax expense	**99,854**	43,816

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2022	2021
	US$'000	US$'000
Profit before income tax	**353,977**	139,594
Tax calculated at tax rate of 17% (2021: 17%)	**60,176**	23,731
Effects of:		
- expenses not deductible for tax purposes	**1,563**	3,107
- lower tax rate under incentive scheme	**(3,026)**	(1,202)
- different tax rates in other countries	**15,469**	6,528
- utilisation of previously unrecognised tax loss	**(139)**	(1,039)
- withholding tax on dividends received	**25,471**	11,200
- under provision in prior years	**340**	1,491
Income tax expense	**99,854**	43,816

The Group has unrecognised tax losses of US$40,165,000 (2021: US$49,603,000) at the balance sheet date which can be carried forward and used to offset against future taxable income for up to five years subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their country of incorporation.

10. Income taxes (continued)

(a) Income tax expense (continued)

Tax audits of subsidiaries

The Group's Indonesia subsidiaries may be audited by the Tax Authorities when there are tax receivables and for compliance purposes. The audits cover Corporate Income Tax ("CIT"), Value Added Taxes ("VAT"), Withholding Taxes ("WHT"), and Land and Building Tax ("LBT"). Additional assessments are given upon completion of these audits and these subsidiaries may disagree with any additional tax assessments and may submit objections to the Director General of Tax ("DGT"), Indonesia, failing which the subsidiaries may proceed to appeal to the Indonesian Tax Court, and thereafter the Indonesian Supreme Court.

Management is currently disputing certain additional assessments arising from the tax audits for the following fiscal years and has either submitted objections to the DGT or proceeded to the Indonesian Tax Court for appeal.

Indonesia subsidiaries	Fiscal year	Status	Nature of tax dispute	Dispute amount US$'000
PT Arzara Baraindo Energitama	2017	Tax Court Appeal	CIT, WHT	5,155*
PT Arzara Baraindo Energitama	2019	Tax Court Appeal	CIT	2,525*
PT Arzara Baraindo Energitama	2020	Submitted objection to DGT	CIT, WHT, VAT	2,012*
PT Kemilau Rindang Abadi	2019	Tax Court Appeal	CIT, WHT	1,615*
PT Kemilau Rindang Abadi	2020	Submitted objection to DGT	CIT, VAT	2,116*
				13,423

* Recognised under Tax receivables and Other receivables

Management believes that the above tax positions taken by the Group are appropriate and supportable by expert advice where relevant. Any changes will impact profit or loss in the year where the final tax outcome of these matters is determined.

10. Income taxes (continued)

(a) Income tax expense (continued)

Tax audits of subsidiaries (continued)

The DGT has submitted their appeals to the Indonesian Supreme Court after the Indonesian Tax Court had ruled in favour of the Group.

Indonesia subsidiaries	**Fiscal year**	**Status**	**Nature of tax appeal**	**Amount US$'000**
PT Bahari Cakrawala Sebuku	2007	Supreme Court Judicial Review	CIT, WHT	1,239
PT Bahari Cakrawala Sebuku	2008	Supreme Court Judicial Review	VAT	419
				1,658

Management has engaged tax consultants and where necessary, legal advisors to evaluate each case prior to submission for Tax Court appeal. Management, in consultation with tax consultants and legal advisors, believes that the Group has good technical grounds to defend the challenges from the Tax Authorities.

The above disclosures relate only to those fiscal years which have been subject to tax audit and for which additional assessments were made and the subsidiaries do not agree and applied the objection. Additional assessments may arise for other fiscal years in subsequent financial years when the respective fiscal years become subject to audit.

(b) The tax credit/(charge) relating to each component of other comprehensive income is as follows:

Group	**2022**			2021		
	Before tax US$'000	**Tax credit US$'000**	**After tax US$'000**	Before tax US$'000	Tax charge US$'000	After tax US$'000
Fair value losses and reclassification adjustments on cash flow hedges	**(2,026)**	**446**	**(1,580)**	2,026	(446)	1,580

11. Cash and cash equivalents

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank and on hand	**251,488**	167,809	**43,144**	7,484
Short-term bank deposits	**-**	32,728	**-**	31,928
	251,488	200,537	**43,144**	39,412

12. Trade and other receivables

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables				
- Non-related parties	**79,760**	55,847	**-**	-
Less: Loss allowance	**(1,033)**	(1,045)	**-**	-
Trade receivables - net	**78,727**	54,802	**-**	-
Other receivables				
- Related corporations	**-**	120	**-**	64
- Subsidiaries	**-**	-	**251,975**	249,136
- Non-related parties	**40,120**	33,686	**237**	794
	40,120	33,806	**252,212**	249,994
Less: Loss allowance	**-**	-	**(183,424)**	(183,424)
Other receivables - net	**40,120**	33,806	**68,788**	66,570
Accrued income	**-**	363	**-**	-
Prepayments	**1,124**	823	**106**	52
	1,124	1,186	**106**	52
	119,971	89,794	**68,894**	66,622

Other receivables due from subsidiaries are unsecured, interest-bearing at the London Interbank Offered Rate (“LIBOR”) plus 1.1% (2021: 1.1% to 1.5%) and are repayable on demand.

Other receivables due from related corporations are unsecured, interest-free and repayable on demand.

13. Inventories

	Group	
	2022	2021
	US$'000	US$'000
Run of mine stockpiles	**4,941**	4,308
Finished product coal	**9,828**	6,874
Consumables	**1,413**	1,235
	16,182	12,417

14. Tax receivables

Tax receivables represent advance tax payments made by the Group for certain fiscal years. Tax receivables are presented as current assets if they are expected to be realised within 12 months after balance sheet date.

15. Other receivables

	Group	
	2022	2021
	US$'000	US$'000
Security deposits	**27,839**	27,595
Others	**-**	1,200
	27,839	28,795

Long term security bonds and deposits are placed with various agencies, which will be settled on completion of certain governmental or legal requirements.

16. Financial assets, at FVOCI

	Group	
	2022	2021
	US$'000	US$'000
Beginning of financial year	**-**	719
Fair value gains (Note 28 (e))	**-**	482
Disposals	**-**	(1,201)
End of financial year	**-**	-

16. Financial assets, at FVOCI (continued)

During the financial year ended 31 December 2021, the Group disposed listed equity securities in Xanadu Mines Limited as the underlying investment was no longer aligned with the Group's long-term investment strategy. The investment had a fair value of US$1,201,000 at the disposal dates, and the cumulative loss on disposal amounted to US$7,355,000, net of tax. The cumulative loss on disposal was reclassified from fair value reserve to retained profits.

17. Property, plant and equipment

	Capital work in progress US$'000	Mining properties US$'000	Buildings US$'000	Plant and equipment US$'000	Land rights US$'000	Right-of-use assets US$'000	Total US$'000
Group							
2022							
Beginning of financial year	**784**	**175,051**	**139**	**18,949**	**78,128**	**731**	**273,782**
Additions	**774**	**41,071**	**-**	**181**	**448**	**215**	**42,689**
Transfers (to)/from other classes	**(422)**	**168**	**-**	**44**	**210**	**-**	**-**
Depreciation/amortisation charge (Note 7)	**-**	**(12,331)**	**(19)**	**(2,588)**	**(8,542)**	**(524)**	**(24,004)**
Deferred stripping amortisation (Note 7)	**-**	**(34,656)**	**-**	**-**	**-**	**-**	**(34,656)**
Disposal/write-off	**(278)**	**(92)**	**-**	**-**	**-**	**-**	**(370)**
End of financial year	**858**	**169,211**	**120**	**16,586**	**70,244**	**422**	**257,441**
At 31 December 2022							
Cost	**858**	**1,141,329**	**4,323**	**122,386**	**149,139**	**3,174**	**1,421,209**
Accumulated depreciation/ amortisation	**-**	**(758,238)**	**(3,654)**	**(90,625)**	**(76,611)**	**(2,752)**	**(931,880)**
Accumulated impairment	**-**	**(213,880)**	**(549)**	**(15,175)**	**(2,284)**	**-**	**(231,888)**
Net book amount	**858**	**169,211**	**120**	**16,586**	**70,244**	**422**	**257,441**
2021							
Beginning of financial year	5,656	174,054	158	25,907	85,171	949	291,895
Additions	285	39,898	-	99	-	-	40,282
Modification of lease liability [Note 18(a)]	-	-	-	-	-	446	446
Transfers (to)/from other classes	(4,044)	1,748	-	97	2,199	-	-
Depreciation/amortisation charge (Note 7)	-	(12,823)	(19)	(3,183)	(9,242)	(664)	(25,931)
Deferred stripping amortisation (Note 7)	-	(27,415)	-	-	-	-	(27,415)
Disposal/write-off	(1,113)	(411)	-	(3,971)	-	-	(5,495)
End of financial year	784	175,051	139	18,949	78,128	731	273,782
At 31 December 2021							
Cost	784	1,100,182	4,323	122,274	148,481	2,959	1,379,003
Accumulated depreciation/ amortisation	-	(711,251)	(3,635)	(88,150)	(68,069)	(2,228)	(873,333)
Accumulated impairment	-	(213,880)	(549)	(15,175)	(2,284)	-	(231,888)
Net book amount	784	175,051	139	18,949	78,128	731	273,782

17. Property, plant and equipment (continued)

Included within additions for mining properties in the consolidated financial statements are deferred stripping costs amounting to US$41 million (2021: US$39 million).

Mining properties and land rights are amortised using the units-of-production method based on estimated coal reserves.

On 29 June 2021, the Group's directors approved the sale of a plant and equipment and was reclassified as held-for-sale. The plant and equipment was subsequently disposed during the financial year ended 31 December 2021 and a gain on disposal of property, plant and equipment of US$531,000 for the financial year ended 31 December 2021.

Company	**Plant and equipment US$'000**	**Right-of-use assets US$'000**	**Total US$'000**
2022			
Beginning of financial year	**24**	**660**	**684**
Depreciation charge	**(22)**	**(441)**	**(463)**
End of financial year	**2**	**219**	**221**
At 31 December 2022			
Cost	**3,337**	**1,957**	**5,294**
Accumulated depreciation	**(3,335)**	**(1,738)**	**(5,073)**
Net book amount	**2**	**219**	**221**
2021			
Beginning of financial year	65	646	711
Addition	2	-	2
Modification of lease liability [Note 18(a)]	-	446	446
Depreciation charge	(43)	(432)	(475)
End of financial year	24	660	684
At 31 December 2021			
Cost	3,337	1,957	5,294
Accumulated depreciation	(3,313)	(1,297)	(4,610)
Net book amount	24	660	684

Details of right-of-use assets are disclosed in Note 18.

18. Leases – The Group as a lessee

Nature of the Group's leasing activities

Plant and equipment

The Group leases mining equipment and motor vehicles for its mining activities and leases office space and office equipment for back office operations.

(a) *Carrying amounts*

Right-of-use assets classified within Property, plant and equipment

	2022	2021
	US$'000	US$'000
Group		
Plant and equipment	**422**	731
Company		
Plant and equipment	**219**	660

During the financial year ended 31 December 2021, the Group renegotiated and modified an existing lease contract for an office space by extending the lease term by another 1 year at revised lease payments. As this extension is not part of the terms and conditions of the original lease contract, it is accounted for as a lease modification with an addition to the right-of-use assets, classified under 'Property, plant and equipment'. Accordingly, there is a corresponding remeasurement to lease liability.

		Group	
		2022	2021
		US$'000	US$'000
(b)	*Depreciation charge during the year*		
	Plant and equipment	**524**	664
(c)	*Interest expense*		
	Interest expense on lease liabilities	**11**	28
(d)	*Lease expense not capitalised in lease liabilities*		
	Short-term and low value leases (Note 7)	**819**	1,054

(e) Total cash outflow for all the leases during the year was US$1,336,000 (2021: US$1,762,000).

(f) Addition of right-of-use assets of the Group during the year was US$215,000 (2021: US$nil).

19. Exploration and evaluation

	Group	
	2022	2021
	US$'000	US$'000
Beginning and end of financial year	**-**	-
Cost	**12,463**	12,463
Accumulated impairment	**(12,463)**	(12,463)
Net book amount	**-**	-

Management suspended the development and exploration of the areas of interest. Accordingly, the exploration and evaluation assets of US$12,463,000 in respect of these areas of interest were fully impaired.

20. Goodwill

	Group	
	2022	2021
	US$'000	US$'000
Cost		
Beginning and end of financial year	**174**	174

Goodwill is allocated to the Group's Penajam mine cash-generating-unit ("CGU").

The recoverable amount of the CGU was determined based on value-in-use assessment, using discounted cash flows over the period of Life of Mine ("LOM") of the mining operation. The value-in-use computation was determined by estimating cash flows until the end of the life of the mine operation based on long-term production plans, including closure restoration and environmental clean-up costs. The key assumptions used in the value-in-use calculations are the thermal coal price, operating costs, and a discount rate of 12% (2021: 10%). Thermal coal prices are based on the Newcastle forward price curve obtained from market observable prices. Strip ratios and production profiles of the mining operation is derived from developed LOM plans. Operating costs are based on developed LOM plans and follow current contractual terms and pricing with an inflationary element included thereafter over the remaining LOM.

The change in the estimated recoverable amount from any reasonably possible change on the key estimates does not materially cause the recoverable amount to be lower than its carrying amount.

21. Deferred income tax assets

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
To be recovered after one year	**1,026**	1,200	**401**	400
Set-off against deferred tax liabilities (Note 26)	**(731)**	(874)	**(401)**	(400)
Net deferred income tax assets	**295**	326	**-**	-

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has concluded that the deferred tax assets will be recoverable based on the approved business plans and budgets for the subsidiaries. The subsidiaries are expected to generate taxable income in future years. The tax losses will expire between 2023 to 2026.

Movement in deferred income tax assets is as follows:

Group	**Tax losses US$'000**	**Interest payable US$'000**	**Provisions US$'000**	**Total US$'000**
2022				
Beginning of financial year	**30**	**385**	**785**	**1,200**
Tax credited/(charged)to the income statement	**7**	**1**	**(167)**	**(159)**
Under provision in respect of prior year	**(15)**	**-**	**-**	**(15)**
End of financial year	**22**	**386**	**618**	**1,026**
2021				
Beginning of financial year	2,252	544	584	3,380
Tax (charged)/credited to the income statement	(2,058)	(159)	174	(2,043)
(Under)/over provision in respect of prior year	(164)	-	27	(137)
End of financial year	30	385	785	1,200

21. Deferred income tax assets (continued)

Movement in deferred income tax assets is as follows: (continued)

Company	**Interest payable US$'000**	**Provisions US$'000**	**Total US$'000**
2022			
Beginning of financial year	**385**	**15**	**400**
Tax credited to the income statement	**1**	**-**	**1**
End of financial year	**386**	**15**	**401**
2021			
Beginning of financial year	544	19	563
Tax charged to the income statement	(159)	(4)	(163)
End of financial year	385	15	400

22. Trade and other payables

	Group		**Company**	
	2022 US$'000	2021 US$'000	**2022 US$'000**	2021 US$'000
Trade payables	**30,515**	31,153	**-**	-
Other payables				
- Ultimate holding corporation	**7**	8	**3**	4
- Related corporations	**2,569**	1,435	**-**	199
- Non-related parties	**8,688**	7,395	**136**	149
Accrued expenses	**45,996**	34,881	**123**	61
Dividend payable	**86**	23	**86**	23
	87,861	74,895	**348**	436

Other payables to the ultimate holding corporation and related corporations are unsecured, non-interest bearing and repayable on demand.

23. Derivative financial instruments

	Group	
	Fair value	
	Asset	Liability
	US$'000	US$'000
2022		
Derivatives not held for hedging:		
Currency forwards		
- Non-related parties	**327**	**-**
Total - Current	**327**	**-**
2021		
Derivatives held for hedging:		
Cash-flow hedges – Coal swaps		
- Related parties	423	(4)
- Non-related parties	2,816	(1,209)
Derivatives not held for hedging:		
Currency forwards		
- Non-related party	90	(12)
Total - Current	3,329	(1,225)

The derivatives used by the Group are over-the-counter commodity derivatives which are measured at fair value and will settle within 1 to 2 years from the balance sheet date.

23. Derivative financial instruments (continued)

Hedging instruments used in Group's hedging strategy in 2022 and 2021.

			Carrying amount		Changes in fair value used for calculating hedge ineffectiveness				
Group	Contractual notional Volume tonnes	Contractual notional amount US$'000	Assets US$'000	Financial statement line item	Hedged instrument US$'000	Hedged item US$'000	Hedge ineffectiveness recognised in P&L* US$'000	Weighted average hedged rate	Maturity date
Cash flow hedge									
Coal commodity price risk									
As at 31 December 2022									
- Coal swaps to hedge highly probable transactions	-	-	-	-	-	-	-	-	-
As at 31 December 2021									
- Coal swaps to hedge highly probable transactions	390,000	54,626	2,026	Derivative financial instruments	2,026	(2,026)	-	US$140.07 / t	January 2022-December 2022

** All hedge ineffectiveness are recognised in profit and loss within "other losses - net".*

24. Lease liabilities

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Current				
Lease liabilities	**289**	529	**219**	459
Non-current				
Lease liabilities	**135**	217	**-**	217
	424	746	**219**	676

25. Provisions

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Current				
Employee benefits (a)	**3,400**	2,840	**881**	696
Rehabilitation and dismantling (b)	**6,588**	8,513	**-**	-
	9,988	11,353	**881**	696
Non-current				
Employee benefits (a)	**1,162**	2,293	**-**	-
Rehabilitation and dismantling (b)	**12,145**	11,766	**-**	-
	13,307	14,059	**-**	-
Total	**23,295**	25,412	**881**	696

(a) Employee benefits

Provision for employee benefits represents the amounts provided for in respect of defined benefit plans required by certain jurisdictions the Group operates in. The Group is required to pay these benefits on termination of employment, whether the termination was voluntary or not. These amounts are disclosed as non-current as they are not expected to be paid within 12 months from the balance sheet date.

(b) Rehabilitation and dismantling

Provision for rehabilitation and dismantling represents the expected cost to dismantle and remove or restore and rehabilitate properties and mining pits which the Group utilises. This provision represents the best estimate of the present value of the expenditure required to settle the obligation at the balance sheet date. This amount represents provisions that are expected to be settled more than 12 months from the balance sheet date.

25. Provisions (continued)

(c) *Movements in provisions*

Movements in each class of provision are as follows:

Group	**Employee benefits US$'000**	**Rehabilitation and dismantling US$'000**	**Total US$'000**
2022			
Beginning of financial year	**5,133**	**20,279**	**25,412**
Provision made/(written back)	**2,181**	**(950)**	**1,231**
Provision utilised	**(2,752)**	**(596)**	**(3,348)**
End of financial year	**4,562**	**18,733**	**23,295**
2021			
Beginning of financial year	3,977	19,808	23,785
Provision made	2,367	823	3,190
Provision utilised	(1,211)	(352)	(1,563)
End of financial year	5,133	20,279	25,412

Company	**Employee benefits US$'000**	**Total US$'000**
2022		
Beginning of financial year	**696**	**696**
Provision made	**607**	**607**
Provision utilised	**(422)**	**(422)**
End of financial year	**881**	**881**
2021		
Beginning of financial year	326	326
Provision made	526	526
Provision utilised	(156)	(156)
End of financial year	696	696

26. Deferred income tax liabilities

	Group		**Company**	
	2022 US$'000	2021 US$'000	**2022 US$'000**	2021 US$'000
To be settled after one year	**13,232**	15,251	**1,038**	1,041
Set-off against deferred tax assets (Note 21)	**(731)**	(874)	**(401)**	(400)
Net deferred income tax liabilities	**12,501**	14,377	**637**	641

26. Deferred income tax liabilities (continued)

Movement in deferred income tax liabilities is as follows:

Group	Mining properties US$'000	Depreciation and amortisation US$'000	Interest receivables US$'000	Derivative financial instrument US$'000	Total US$'000
2022					
Beginning of financial year	**11,196**	**2,573**	**1,036**	**446**	**15,251**
Tax (credited)/charged to the income statement	**(768)**	**(807)**	**2**	**-**	**(1,573)**
Tax credited to other comprehensive income [Note 10 (b)]	**-**	**-**	**-**	**(446)**	**(446)**
End of financial year	**10,428**	**1,766**	**1,038**	**-**	**13,232**
2021					
Beginning of financial year	11,304	2,468	1,461	-	15,233
Tax credited to the income statement	(770)	(10)	(425)	-	(1,205)
Tax charged to other comprehensive income [Note 10 (b)]	-	-	-	446	446
Under provision in respect of prior year	662	115	-	-	777
End of financial year	11,196	2,573	1,036	446	15,251

Company	Depreciation and amortisation US$'000	Interest receivables US$'000	Total US$'000
2022			
Beginning of financial year	**6**	**1,035**	**1,041**
Tax (credited)/charged to the income statement	**(5)**	**2**	**(3)**
End of financial year	**1**	**1,037**	**1,038**
2021			
Beginning of financial year	13	1,461	1,474
Tax credited to the income statement	(7)	(426)	(433)
End of financial year	6	1,035	1,041

27. Share capital and treasury shares

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital US$'000	Treasury shares US$'000
Group and Company				
2022				
Beginning and end of financial year	1,137,052,220	(7,908,101)	328,767	(286)
2021				
Beginning and end of financial year	1,137,052,220	(7,908,101)	328,767	(286)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

28. Other reserves

	Group		Company	
	2022 US$'000	2021 US$'000	**2022 US$'000**	2021 US$'000
Share-based compensation reserve (a)	**8,403**	8,403	**8,403**	8,403
Capital reserve (b)	**(13,526)**	(13,526)	**-**	-
General reserve (c)	**329**	329	**-**	-
Merger reserve (d)	**(7,752)**	(7,752)	**-**	-
Hedging reserve (f)	**-**	1,580	**-**	-
Remeasurement of defined benefit plans	**1,435**	629	**-**	-
	(11,111)	(10,337)	**8,403**	8,403

Other reserves are non-distributable.

28. Other reserves (continued)

(a) Share-based compensation reserve

	Group and Company	
	2022	2021
	US$'000	US$'000
Beginning and end of financial year	**8,403**	8,403

Share-based compensation reserve relates to share-based payment benefits that were provided to employees via the Executive Share Acquisition Plan and Employee Share Option Plan. Both plans were terminated in 2014.

(b) Capital reserve

In January 2005, the Group acquired the remaining 20% equity interest of PT Bahari Cakrawala Sebuku ("PT BCS") for a consideration of US$15,821,000. The acquisition consideration was satisfied by the allotment and issuance of 6,145,537 shares of S$1 each at a premium of S$3.18 per share. This reserve of US$13,526,000 represents the difference between the value of the consideration paid for the acquisition of the 20% non-controlling interest in PT BCS prior to 2006 and the amount that these non-controlling interests were recognised in the financial statements.

(c) General reserve

	Group	
	2022	2021
	US$'000	US$'000
Beginning and end of financial year	**329**	329

The revised Indonesian Limited Company Law No. 40/2007 dated 16 August 2007 requires Indonesian companies to set up a general reserve amounting to 20% of the company's issued and paid up share capital. This reserve has been created in respect of the Group's Indonesian subsidiaries.

(d) Merger reserve

Merger reserve arising from a restructuring exercise in prior years representing the excess of cash consideration paid over the subsidiaries capital acquired and accounted for using the pooling of interest method.

28. **Other reserves** (continued)

(e) Fair value reserve

	Group	
	2022	2021
	US$'000	US$'000
Beginning of financial year	**-**	(7,837)
Fair value gains on financial assets, at FVOCI (Note 16)	**-**	482
Transfer to retained profits upon disposal of equity investment in financial assets, at FVOCI (Note 29)	**-**	7,355
End of financial year	**-**	-

The fair value reserve represents the mark to market over the cost of the investment (Note 16).

(f) Hedging reserve

	Group	
	2022	2021
	US$'000	US$'000
Beginning of financial year	**1,580**	-
- Fair value (losses)/gains	**(113,801)**	2,026
- Tax on fair value (losses)/gains	**25,036**	(446)
	(88,765)	1,580
Reclassification to profit or loss, as hedged item has affected profit or loss		
- Other losses – net (Note 6)	**111,775**	-
- Tax on reclassification adjustments	**(24,590)**	-
	87,185	-
End of financial year	**-**	1,580

29. Retained profits/(Accumulated losses)

	Group		Company	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Beginning of financial year	**166,652**	167,657	**(177,453)**	(180,797)
Net profit after tax	**254,123**	95,778	**231,092**	92,772
Transfer from fair value reserve upon disposal of equity investment in financial assets, at FVOCI [Note 28(e)]	**-**	(7,355)	**-**	-
Dividends paid (Note 30)	**(224,587)**	(89,428)	**(224,587)**	(89,428)
End of financial year	**196,188**	166,652	**(170,948)**	(177,453)

Retained profits of the Group are distributable.

30. Dividends

	Company	
	2022	2021
	US$'000	US$'000
Ordinary dividends		
Interim dividends paid in respect of the current financial year of US 19.89 cents (2021: US 7.92 cents) per share	**224,587**	89,428

31. Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2022	2021
	US$'000	US$'000
Property, plant and equipment	**135**	202

32. Financial risk management

Financial risk factors

The Group's activities are exposed to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial and commodity markets on the Group's financial performance. The Group uses financial instruments such as over-the-counter commodity swaps to hedge certain market risk exposures.

Management establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies and presents these policies to the Board of Directors for approval.

Financial risk management is carried out by treasury to evaluate and hedge financial risks in co-operation with the Group's operating units. Regular reports are also submitted to management and the Board of the Directors.

(a) Market risk

(i) Currency risk

The Group operates in Singapore and Indonesia. Entities in the Group regularly transact in their respective functional currency, which is the United States dollar ("USD"). Currency risk arises when transactions are denominated in foreign currencies such as the Singapore dollar ("SGD"), Indonesia rupiah ("IDR"), Australian dollar ("AUD") and Thai Baht ("THB").

The Group uses financial instruments such as forward exchange contracts to mitigate the currency risk.

32. Financial risk management (continued)

(a) *Market risk* (continued)

(i) *Currency risk* (continued)

The Group's foreign currency exposure based on the information provided to key management is as follows:

	SGD US$'000	IDR US$'000	AUD US$'000	THB US$'000	Total US$'000
At 31 December 2022					
Financial assets					
Cash and cash equivalents	**454**	**32,890**	**-**	**-**	**33,344**
Trade and other receivables	**239**	**14,575**	**-**	**-**	**14,814**
	693	**47,465**	**-**	**-**	**48,158**
Financial liabilities					
Trade and other payables	**433**	**73,821**	**-**	**11**	**74,265**
Lease liabilities	**219**	**205**	**-**	**-**	**424**
	652	**74,026**	**-**	**11**	**74,689**
Net financial assets/(liabilities)	**41**	**(26,561)**	**-**	**(11)**	**(26,531)**
Add: Currency forwards	**-**	**33,026**	**-**	**-**	**33,026**
Currency exposure	**41**	**6,465**	**-**	**(11)**	**6,495**
At 31 December 2021					
Financial assets					
Cash and cash equivalents	392	24,869	-	-	25,261
Trade and other receivables	177	32,214	-	-	32,391
	569	57,083	-	-	57,652
Financial liabilities					
Trade and other payables	280	63,503	89	11	63,883
Lease liabilities	676	70	-	-	746
	956	63,573	89	11	64,629
Net financial (liabilities)/assets	(387)	(6,490)	(89)	(11)	(6,977)
Add: Currency forwards	-	27,326	-	-	27,326
Currency exposure	(387)	20,836	(89)	(11)	20,349

32. Financial risk management (continued)

(a) *Market risk* (continued)

(i) *Currency risk* (continued)

The Company's foreign currency exposure based on the information provided to key management is as follows:

	2022			2021		
	SGD US$'000	**IDR US$'000**	**Total US$'000**	SGD US$'000	THB US$'000	Total US$'000
Financial assets						
Cash and cash equivalents	**319**	**-**	**319**	213	-	213
Trade and other receivables	**227**	**-**	**227**	132	-	132
	546	**-**	**546**	345	-	345
Financial liabilities						
Trade and other payables	**322**	**8**	**330**	212	4	216
Lease liabilities	**219**	**-**	**219**	676	-	676
	541	**8**	**549**	888	4	892
Net financial assets/ (liabilities)	**5**	**(8)**	**(3)**	(543)	(4)	(547)

The net impact of the currency risk is considered insignificant. Consequently, no sensitivity analysis is prepared by management.

(ii) *Price risk*

The Group is exposed to thermal coal price risk generated by its mining activities. The Group sells coal either on a contracted or spot basis, with prices either fixed or index linked. Coal price risk is managed through contractual arrangements negotiated directly with customers, usually for a period of 12 months and through the use of derivative financial instruments.

Fuel is a major component of the Group's operating costs. The Group's exposure to changes in fuel prices is ultimately based on reference to a USD Mean of Platts Singapore ("MOPS") Gas Oil assessment price. This benchmark reference is used to determine diesel fuel prices in Indonesia, which are primarily passed through to the Group by mine contractors through rise and fall adjustment clauses.

32. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

The Group uses derivative financial instruments in the form of gasoil swaps to hedge adverse movements in gas-oil prices paid as part of the Group's mining costs. These instruments are over-the-counter derivative contracts referenced to indices and therefore underlying commodity prices of gas-oil. The Group does not have any open positions in gas-oil swaps as at 31 December 2022 and 31 December 2021.

The Group's policy is to hedge up to 75% of its highly probable forecasted NEWC index-linked sales transactions with third party customers. The Group manages these cash flow coal commodity price risks using floating-to-fixed NEWC swaps.

The Group enters into the NEWC swaps with the same critical terms as the hedged item, such as the maturity and notional amount. The Group does not hedge 100% of its highly probable forecasted NEWC index-linked sales transactions with third party customers, therefore the hedged item is identified as a proportion of the monthly highly probable forecasted NEWC index-linked sales transactions with third party customers. As all critical terms matched during the year, the economic relationship was 100% effective.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedging relationship, and through periodic prospective effective assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness. Hedge ineffectiveness have not occurred during the financial year.

32. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

Hedge effectiveness (continued)

The Group had adopted hedge accounting on 1 July 2021. If the referenced price for the open positions had been higher/lower by nil% (2021: 10%) with all other variables including tax rate being held constant, the other comprehensive income would have been lower/higher by US$nil (2021: US$4,103,000), net of tax mainly as a result of lower/higher fair value of coal swaps designated as cash flow hedges of highly probable forecasted NEWC index-linked sales transactions.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest bearing assets and liabilities, the Group's income and expenses are substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining letter of credit where appropriate to mitigate credit risk. The Group only deals with banks and financial institutions of good repute and standing.

The Group's Credit Committee regularly evaluates and monitors all its trade customers based on a framework approved by the Board of Directors. The evaluation is based on the credit quality of each trade customer, taking into account their financial position, past experience and other relevant factors. Credit exposure to an individual customer is managed based on the credit evaluation. Customer payment profiles are monitored and reported regularly.

32. Financial risk management (continued)

(b) Credit risk (continued)

The Company's trade receivables include 1 debtor that represented 68% of trade receivables. For the previous financial year, there were no significant concentrations of credit risk through exposure to individual customers.

As the Group and Company do not hold collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial assets presented on the balance sheet.

Trade receivables

The Group has applied the simplified approach to measure the lifetime expected credit losses for trade receivables.

To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, and adjusts for forward-looking macroeconomic data such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

The Group's credit risk exposure in relation to trade receivables under FRS 109 as at 31 December 2022 and 2021 are set out as follows:

		←	Past due	→	
	Current	< 3 months	3 to 6 months	> 6 months	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
31 December 2022					
Group					
Expected loss rate	0%	0%	0%	100%	
Trade receivables	68,710	311	9,706	1,033	79,760
Loss allowance	-	-	-	(1,033)	(1,033)
31 December 2021					
Group					
Expected loss rate	0%	0%	0%	100%	
Trade receivables	54,633	169	-	1,045	55,847
Loss allowance	-	-	-	(1,045)	(1,045)

32. Financial risk management (continued)

(b) Credit risk (continued)

Cash and cash equivalents of the Group and Company are subject to immaterial credit loss. Other receivables of the Group are subject to immaterial credit loss.

The Company monitors the credit risk of the related corporations and subsidiaries based on past due information to assess if there is any significant increase in credit risk. The other receivables due from related corporations and subsidiaries of the Company are measured on 12-months expected credit losses.

The movement in credit loss allowance for the following financial assets are set out as follows:

	Trade receivables[(a)] US$'000
Group	
2022	
Balance at 1 January 2022	**1,045**
Foreign exchange differences	**(12)**
Balance at 31 December 2022	**1,033**
2021	
Balance at 1 January 2021	1,047
Foreign exchange differences	(2)
Balance at 31 December 2021	1,045

(a) Loss allowance measured at lifetime ECL

	Other receivables US$'000
Company	
2022	
Balance at 1 January 2022 and 31 December 2022	**183,424**
2021	
Balance at 1 January 2021	184,502
Written off	(1,078)
Balance at 31 December 2021	183,424

32. Financial risk management (continued)

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining at all times sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities so as to enable the Group to meet its obligations as and when they fall due. At the balance sheet date, assets held by the Group and Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 11.

Liquidity risk management covers daily, short term, and long term needs. The appropriate levels of liquidity are determined by both the nature of the Group's business and its risk profile. The Group monitors its liquidity position on a daily basis and prepares short term weekly cash flows of up to thirty weeks, on a monthly basis. In addition to this, the Group looks at cash flows on a medium term (< 12 months) and long term (> 12 months) basis through regular forecasts, annual budgets and long term business plans.

The table below analyses the maturity profile of the Group's and Company's financial liabilities, including derivative financial instruments into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000
2022			
Group			
Trade and other payables	**(87,817)**	**-**	**-**
Lease liabilities	**(289)**	**(73)**	**(62)**
	(88,106)	**(73)**	**(62)**
Company			
Trade and other payables	**(348)**	**-**	**-**
Lease liabilities	**(219)**	**-**	**-**
	(567)	**-**	**-**
2021			
Group			
Trade and other payables	(73,366)	-	-
Derivative financial instruments	(1,225)	-	-
Lease liabilities	(508)	(216)	-
	(75,099)	(216)	-
Company			
Trade and other payables	(436)	-	-
Lease liabilities	(460)	(216)	-
	(896)	(216)	-

32. Financial risk management (continued)

(d) *Capital risk*

The Group's objectives when managing capital are to maintain an optimal capital structure so as to maximise shareholder value and to safeguard the Group's ability to continue as a going concern. The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained profits.

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, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The gearing ratio is calculated as net debt divided by the total book value of capital. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The Group and the Company is not exposed to any externally imposed capital requirements.

	Group		**Company**	
	2022	2021	**2022**	2021
	US$'000	US$'000	**US$'000**	US$'000
Net debt	**-**	-	**-**	-
Total equity	**513,558**	484,796	**165,936**	159,431
Total capital	**513,558**	484,796	**165,936**	159,431
Gearing ratio	**n.m**	n.m	**n.m**	n.m

n.m. – not meaningful

(e) *Fair value measurement*

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

i. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
ii. 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) (Level 2); and
iii. Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

32. Financial risk management (continued)

(e) Fair value measurement (continued)

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group				
2022				
Assets				
Derivative financial instruments	**-**	**327**	**-**	**327**
2021				
Assets				
Derivative financial instruments	-	3,329	-	3,329
Liabilities				
Derivative financial instruments	-	1,225	-	1,225

There were no transfers between Level 1 and 2 during the year.

The fair value of financial instruments traded in active markets (such as trading securities) is based on the quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at balance sheet date. Quoted market prices and index-linked prices for similar instruments are used to estimate fair value. The fair value of currency forward contracts is determined using quoted forward currency rates at the balance sheet date. The fair value of coal swaps is determined using quoted Newcastle forward price curves at the balance sheet date. These instruments are classified as Level 2. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

32. Financial risk management (continued)

(f) *Financial instruments by category*

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 16 and Note 23 to the financial statements, except for the following:

	Group US$'000	Company US$'000
31 December 2022		
Financial assets, at amortised cost	**368,716**	**111,922**
Financial liabilities, at amortised cost	**87,817**	**348**
31 December 2021		
Financial assets, at amortised cost	295,446	105,976
Financial liabilities, at amortised cost	73,366	436

33. Related party transactions

(a) *Key management personnel compensation*

	Group	
	2022 US$'000	2021 US$'000
Salaries and other employee benefits	**1,108**	976
Directors' fees	**96**	106
	1,204	1,082

(b) *Sales and purchases of goods and services*

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

	Group	
	2022 US$'000	2021 US$'000
Sales of coal to a related corporation	**64,686**	23,771
Loss on derivative contracts entered with a related corporation	**8,772**	7,060
Consultancy fees paid to a related corporation	**975**	1,325
Despatch received from a related corporation	**436**	8
Employee compensation paid to a related corporation	**47**	223
Employee compensation paid to ultimate holding corporation	**143**	228

33. Related party transactions (continued)

(b) Sales and purchases of goods and services (continued)

Related corporations comprise mainly companies which are controlled or significantly influenced by the Group's ultimate holding company that are not part of the Group or companies which are controlled or significantly influenced by key management personnel and their close family members.

34. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following significant subsidiaries in accordance with the accounting policy described in Note 2(b):

Name of entity	**Country of incorporation**	**Principal activity**	**Equity holding**	
			2022	2021
			%	%
Tiger Energy Trading Pte Ltd (a)	Singapore	Trading	**100**	100
Sakari Energy Trading Pte Ltd (a) ^	Singapore	Investment holding	**-**	100
PT Bahari Cakrawala Sebuku (b)	Indonesia	Coal mining	**100**	100
PT Sinergy Consultancy Services (b)	Indonesia	Management services	**100**	100
PT Bumiborneo Pertiwi Nusantara (b)	Indonesia	Investment holding	**100**	100
PT Borneo Citrapertiwi Nusantara (b)	Indonesia	Investment holding	**100**	100
PT Separi Energy (b)	Indonesia	Investment holding	**100**	100
PT Jembayan Muarabara (b)	Indonesia	Coal mining	**100**	100
PT Kemilau Rindang Abadi (b)	Indonesia	Coal mining	**100**	100
PT Arzara Baraindo Energitama (b)	Indonesia	Coal mining	**100**	100
PT Karbon Mahakam (b)	Indonesia	Coal mining	**100**	100
PT Metalindo Bumi Raya (b)	Indonesia	Coal mining	**100**	100
PT Citra Pertiwi Nusantara (b)	Indonesia	Asset holding	**100**	100
PT Mutiara Kapuas (b)	Indonesia	Coal mining	**100**	100
PT Sentika Mitra Persada (b)	Indonesia	Coal mining	**100**	100

(a) Audited by PricewaterhouseCoopers LLP, Singapore.
(b) Audited by KAP Tanudiredja, Wibisana, Rintis & Rekan - a member firm of the PricewaterhouseCoopers global network.
^ The company has been struck off during the financial year ended 31 December 2022.

35. Reconciliation of profit after income tax to net cash provided by operating activities

	Group	
	2022	2021
	US$'000	US$'000
Net profit after tax	**254,123**	95,778
Adjustments for:		
Loss on liquidation of a subsidiary	**-**	50
Income tax expense	**99,854**	43,816
Depreciation and amortisation	**58,660**	53,346
Foreign exchange loss/(gain)- net	**3,001**	(586)
Gain on sale of property, plant and equipment	**(14)**	(531)
Inventory write down	**-**	508
Fair value losses on derivative financial instruments - net	**114,452**	26,123
Finance expense	**11**	28
	530,087	218,532
Changes in working capital		
Increase in trade and other receivables	**(72,286)**	(87,688)
Increase in inventories	**(3,765)**	(1,256)
Decrease in trade and other payables and provisions	**(102,923)**	(809)
Cash generated from operations	**351,113**	128,779
Income tax paid	**(73,834)**	(36,761)
Income tax refunded	**761**	15,713
Net cash provided by operating activities	**278,040**	107,731

36. Significant laws and regulations that may have an impact on the Group

(a) Government Regulation No. 78/2010

On 20 December 2010, the Government of Indonesia released Government Regulation No. 78/2010 (“GR No. 78/2010”) that deals with reclamation and post-mining activities for both IUP-Exploration and IUP-Production Operation holders.

IUP-Production Operation holders, among other requirements, must prepare (1) a five-year reclamation plan; (2) a post-mining plan; (3) provide a reclamation guarantee which may be in the form of a joint account or time deposit placed at a state-owned bank, a bank guarantee, or an accounting provision (if eligible); and (4) provide a post-mine guarantee in the form of a time deposit at a state-owned bank.

The requirement to provide reclamation and post-mine guarantees does not release the IUP holder from the requirement to perform reclamation and post-mining activities.

36. Significant laws and regulations that may have an impact on the Group (continued)

(a) Government Regulation No. 78/2010 (continued)

The MEMR issued Ministerial Regulation No. 26/2018 regarding proper mining principles and supervision in mineral and coal mining activities and issued Ministerial Decree No. 1827 K/30/MEM/2018 (“Kepmen ESDM”) regarding guidelines for proper mining techniques and principles.

As at 31 December 2022, the Group has deposited US$27,646,000 (2021: US$24,062,000) to the Kutai Kartanegara regency for reclamation and mine closure bond.

(b) Ministerial Regulation of Environment and Forestry P.59/MENLHK/SETJEN/KUM.1/10/2019

In October 2019, the Ministry of Environment and Forestry (“MoE&F”) issued Ministerial Regulation No. P.59/MENLHK/SETJEN/KUM.1/10/2019 on Guidelines for Planting of Borrow to Use Licence (“Izin Pinjam Pakai Kawasan Hutan/IPPKH”) Holders for the Rehabilitation of Watershed Areas.

This regulation is a guideline for IPPKH holders which are obligated to perform rehabilitation of watershed at a location stipulated in accordance with the provisions set forth in this regulation, and with a rehabilitation planting period set before the end of the IPPKH period with the procedure of rehabilitation according to the provisions set forth in this rule.

The Group, as a holder of IPPKH, has started to fulfil the obligation by planting the rehabilitation of the watershed and has made provisions as at 31 December 2022 and 31 December 2021.

(c) Ministerial Decision Letter No. 267.K/MB.01/MEM.B/2022

On 21 November 2022, the MEMR issued Ministerial Decision Letter No. 267.K/MB.01/MEM.B/2022 to replace Ministerial Decree No. 139.K/HK.02/MEM.B/2021 and Ministerial Decree No. 13.K/HK.021/MEM.B/2022. The Ministerial Decision Letter sets the DMO quota at 25% of the annual production plan and stipulates the guidelines for imposing administrative sanctions, coal export ban imposing fines and an updated penalty formula to calculate the payment of compensation funds in lieu of fulfilling DMO.

On 23 March 2022, the MEMR issued Ministerial Decree No. 58.K/HK.02/MEM.B/2022 which stipulates coal sales price for domestic industrial needs for raw material/fuel. In this decree, the coal sales price is capped at USD90/MT (6,322 GAR). This minister decree does not limit the industry definition but it excluded the metal mineral processing and refining industry.

36. Significant laws and regulations that may have an impact on the Group (continued)

(c) *Ministerial Decision Letter No. 267.K/MB.01/MEM.B/2022* (continued)

Provisions for DMO of US$Nil (2021: US$3,340,000) was made by the Group as at 31 December 2022.

(d) *Government Regulation No. 24/2012*

Government Regulation No. 24/2012 ("GR No. 24/2012") which amends GR No. 23/2010 was signed by the President of the Republic of Indonesia on 21 February 2012. GR No. 24/2012 requires a gradual divestment scheme applicable for IUP and IUPK holders, such that in the tenth year from their production commissioning at least 51% of their shares shall be owned by Indonesian participant(s).

Management believes that the above regulation does not have any significant impact on the Group's operation as the affected subsidiaries in Indonesia have been recognised as Penanaman Modal Dalam Negeri ("PMDN") or domestic investment entitities, which effectively grants them status as companies that are majority-owned by an Indonesian participant.

(e) *Government Regulation No. 77/2014*

On 14 October 2014, GR No. 77/2014 was issued which sets out progressive divestment requirements for mining companies owning different types of mining permits.

Management believes that the above regulation does not have any significant impact on the Group's operation as the affected subsidiary has suspended its mining activity.

(f) *Ministerial Decision No. 43/2018*

On 25 September 2018, the MEMR issued Ministerial Decision No. 43/2018 to amend Ministerial Regulation No. 09/2017. The key amendments under the new regulation are:

- Divestment of 51% of shares can now be performed through issuance of new shares, transfer or sales of existing shares, directly or indirectly;
- If the Government or Local Government do not acquire the stock divestment, companies are obliged to offer share divestment to state/regional government owned enterprises ("BUMD"/"BUMN") and if there are more than one BUMD/BUMN who take up the offer, the Minister will coordinate the composition of the stock divestments;
- IUPK holders need to give access to Indonesian participants to perform due diligence; and

36. Significant laws and regulations that may have an impact on the Group (continued)

(f) *Ministerial Decision No. 43/2018* (continued)

- The price of the stock divestment will be calculated based on market value, which excludes mineral and coal reserves, using discounted cash flow or market data benchmarking.

Management believes that the above regulation does not have any significant impact on the Group's operation.

(g) *MEMR Regulation No. 7/2017*

On 11 January 2017, the MEMR issued Ministerial Regulation No. 7/2017, which was subsequently amended by MEMR Regulation No. 44/2017 on 17 July 2017, regarding the Procedure for the Setting of Benchmark Prices for Mineral and Coal Sales, which replaced Ministerial Regulation No. 17/2010.

The Group is required to comply with the benchmark price for the purposes of calculating monthly royalty payment. Management believes that the Group's current practice has complied with the regulation.

(h) *Government Regulation No.15/2022*

On 11 April 2022, the Government issued Government Regulation No. 15/2022, regarding the treatment of tax and non-tax state revenue for coal mining companies. The income tax treatment will be applicable for the next fiscal year and the non-state revenue will be applicable 7 days after the issuance of the regulation.

Several changes in the provisions for calculating corporate income tax for coal mining companies mainly consists of the following:

1. The mining company's taxable income is calculated based on the gross revenue, deducted for several expenses to obtain, collect and maintain the revenue;
2. The coal price used to calculate the gross revenue is determined to be the higher between the actual coal selling price versus whichever is lower between the Indonesian coal benchmark price ("HBA") and coal price index at the transaction date; amd
3. The amortisation expenses for the coal mining companies assets should be calculated based on the specific rules in this regulation.

For non-tax state revenue, the main changes relate to the new royalty tariff rates for mining companies which hold special mining permit licenses ("IUPK"). The Group has calculated its corporate income tax based on the above regulation and has applied the applicable royalty tariff rates.

36. Significant laws and regulations that may have an impact on the Group (continued)

(i) Government Regulation No. 26/2022

On 15 August 2022, the Government issued Government Regulation No. 26/2022, which revised the royalty rates for mining companies under the IUP framework. The rates are increased from the previous rates ranging from 2% - 7%, depending on the calorific value of the coal, to 4% - 13.5% depending on coal origin, calorific value, and Indonesia Coal Price Index. The regulation was effective from September 2022.

The Group has calculated the royalties based on the above regulation.

(j) Law No.7/2021

On 29 October 2021, the Government enacted Law No. 7 of 2021 concerning Harmonisation of Tax Regulations (HPP).

The HPP Law regulates strategic policies including changes to the Law on General Provisions and Tax Procedures, The Income Tax Law, The Law on Value Added Taxes on Goods and Services and Sales Tax on Luxury Goods, and the regulations on Carbon Tax.

The law regulates changes in the 22% corporate income tax rate which will take effect from the 2022 fiscal year and will increase the VAT Rate to 11% (which will take effect on 1 April 2022).

The Group has applied the applicable tax rates.

(k) Mining Law No. 3/2020

On 10 June 2020, Government of Indonesia stipulated Mining Law No. 3/2020 which amends Law No. 4/2009 regarding Mineral and Coal Mining. The purpose of the amendment in the law is to be the legal basis for a more effective, efficient and comprehensive mineral and coal mining in response to the business development, issues and mineral and coal mining needs, especially constrained by authority of the Central Government and Regional Government.

One of the amendments is related to the conversion of CoWs/CCoWs to the IUPKs for soon to expire CoWs and CCoWs. The Amended Mining Law now confirms that extensions will be granted, which can be seen as demonstrating the Government’s commitment to stabilising production and generating a commensurate return on their investment. To obtain extensions, the holder must apply to the MEMR between five years and one year before CoW/CCoW expires.

The Group is continuously monitoring the implication of the above regulations.

36. Significant laws and regulations that may have an impact on the Group (continued)

(l) Job Creation Law

On 5 October 2020, Indonesian Parliament passed the Job Creation Law, commonly referred to as the "Omnibus Law", which was signed by the President of Indonesia on 2 November 2020. The Omnibus Law amended more than 75 current laws and will require the central government to issue more than 30 government regulations and other implementing regulations which must be issued within three months of its enactment.

The Omnibus Law focuses on increasing the ease of doing business in Indonesia (e.g., simplifying licensing processes, simplifying land acquisition processes, formalising economic zones, providing more incentives for free trade zones and amending the labour law). One of the main points of the law related to the Group is that the supply of coal becomes subject to VAT. As a result, VAT applies to the Group's coal sales, and the Group is entitled to an input credit for VAT incurred on relevant costs at the prevailing VAT rate.

The Group has applied 11% VAT to their domestic coal sales, as well as credited the VAT inputs from their mining contractor costs and other VATable expenses.

37. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2023 and which the Group has not early adopted.

Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to FRS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what FRS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

37. New or revised accounting standards and interpretations (continued)

Amendments to FRS 12 Income Taxes: Deferred Tax related to Assets and Liabilties arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The amendments to FRS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

• right-of-use assets and lease liabilities, and
• decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

FRS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group does not expect any significant impact arising from applying these amendments.

38. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Sakari Resources Limited on 9 February 2023.