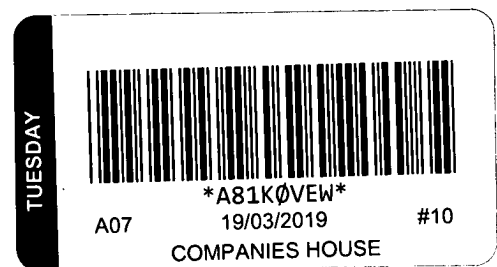


Global Coal Limited

REPORT AND FINANCIAL STATEMENTS

Year Ended 31 December 2018



Company Registration No. 04007764

Global Coal Limited

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Global Coal Limited

COMPANY INFORMATION

DIRECTORS

Martin Abbott
Marc R Bailey
Ivan M Bondarenko
Zaheer Docrat
Davide Giuliani
Ian F N Hall
Gustavo F Hernandez
Jeremie Louis
Mauro Montenero
Zachary L Oster
Tor C Peterson
Simon R Richmond
Martin Rozendaal
Natsuki Tsukada
Craig R Wiggill

COMPANY SECRETARY

Andrew Goldsmith

REGISTERED OFFICE

7th Floor
Dashwood House
69 Old Broad Street
London
United Kingdom
EC2M 1QS

AUDITOR

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Global Coal Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Global Coal Limited for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the development of standardised physical contracts for the international coal market, the provision brokerage services for the bi-lateral trading of physical and financial contracts for coal and the provision of international coal price indices.

RESULTS AND DIVIDENDS

The Company's trading profit for the year after taxation was \$1,951,338 (2017: \$1,687,013).

No interim dividend was paid during the year (2017: \$2,909,621) and dividends of \$1,000,003 (2017: \$2,600,056) were declared at year-end.

DIRECTORS

The following directors have held office since 1 January 2018:

Martin Abbott
Marc R Bailey
Ivan M Bondarenko (appointed 20 June 2018)
Zaheer Docrat
Davide Giuliani
Ian F N Hall
Gustavo F Hernandez
Jeremie Louis
Mauro Montenero
Zachary L Oster
Tor C Peterson
Simon R Richmond (appointed 29 October 2018)
Malcolm J Roberts (resigned 27 August 2018)
Martin Rozendaal
Mitsuaki Toda (resigned 20 June 2018)
Natsuki Tsukada (appointed 20 June 2018)
Craig R Wiggill

BRANCHES OUTSIDE THE UK

The Company has a branch office in Singapore for the purpose of marketing in the Asia / Pacific region. The branch is treated as a cost centre and as such all related expenditure is fully incorporated into these financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Global Coal Limited

DIRECTORS' REPORT

MATTERS OF STRATEGIC IMPORTANCE

The company has chosen in accordance with Companies Act 2006, s414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized companies and Groups (Accounts and Reports) Regulations 2008, Sch.7 to be contained in the Directors' Report. It has done so in respect of future developments and research and development.

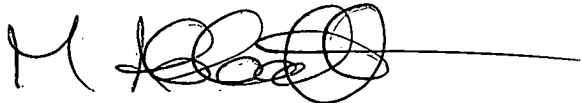
THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party provision is in place for the benefit of all directors of the Company.

RE-APPOINTMENT OF AUDITOR

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of RSM UK Audit LLP as auditor of the Company.

By order of the board on 13 March 2019.

A handwritten signature in black ink, appearing to be 'M. Abbott', followed by a long horizontal line extending to the right.

Martin Abbott
Director

Global Coal Limited

STRATEGIC REPORT

The directors present their strategic report of the Company for the year ended 31 December 2018.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Despite the continued slowdown in activity in the commodity markets, the Company delivered an increased return for shareholders, once again proving the value of revenue diversity within the business model. Membership subscriptions were stable, and the higher membership fee introduced in the prior year was successfully phased in as contracts came up for renewal. The volume of physically brokered coal trades rose very slightly from the prior year, and the company's market share across all traded products increased. Revenue derived from Index licensing, which is in essence a data sales business, proved a resilient income stream and allowed for a respectable financial performance, despite a softening in on-exchange activity. The project to commercialise data began in the fourth quarter, preparing the ground for full year of pro-active data sales activity in 2019.

The Company's business is focused on delivering services exclusively to institutional players in the physical and financial coal trading market, and will look at opportunities in adjacent markets.

The Company completed the year in a strong financial position, with no debt and a healthy capitalisation.

Research and Development

The Company is investing in the development of its Standard Coal Trading Agreement (SCoTA), refining the contract and adding delivery locations. The company also recognises the strength of the existing business model in bringing pricing transparency to OTC markets that are not particularly liquid, and started several work streams in the year with the intention of identifying new markets that might be brought into the globalCOAL model. Management anticipates launching at least one non-coal product during 2019.

Principal Risks & Uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The principal uncertainties facing the Company are reviewed regularly by the Board and actions put in place to mitigate identified risks. The Company has exposure to the following key risks:

- Changing regulatory framework in various jurisdictions
- Downturn in levels of demand from clients.
- Competitive pressure on commission rates.

The Board has implemented appropriate internal processes in order to mitigate the impact of these key risks to business performance.

An assessment of business performance is carried out quarterly by management, and is reviewed by the board, by measuring quarterly results based on a variety of key performance indicators including but not limited to:

- Earnings before interest, taxes, and amortisation (EBITA)
- Debtor days

Future Outlook

The Company performed well in 2018 and although the competitive environment remains challenging, the directors believe that the Company will continue to be a going concern.

By order of the board on 13 March 2019



Martin Abbott
Director

Global Coal Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Global Coal Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL COAL LIMITED

Opinion

We have audited the financial statements of Global Coal Limited (the 'company') for the year ended 31 December 2018 which comprise statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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

Global Coal Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL COAL LIMITED

our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Global Coal Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL COAL LIMITED

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 ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

MALCOLM PIROUET (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

14 March 2019

Global Coal Limited
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2018

	Notes	2018 \$	2017 \$
Turnover	5	9,922,153	10,367,049
Cost of sales		(635,728)	(636,609)
Gross profit		<u>9,286,425</u>	<u>9,730,440</u>
Administrative expenses		(6,910,568)	(7,581,745)
Operating profit		<u>2,375,857</u>	<u>2,148,695</u>
Interest receivable and similar income		66,993	31,499
Profit before taxation	6	<u>2,442,850</u>	<u>2,180,194</u>
Taxation	8	(491,512)	(493,181)
Profit after taxation and profit for the financial year	19	<u>1,951,338</u>	<u>1,687,013</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total Comprehensive income for the year		<u><u>1,951,338</u></u>	<u><u>1,687,013</u></u>

Turnover and Operating Profit for the year arise from continuing operations.

Global Coal Limited

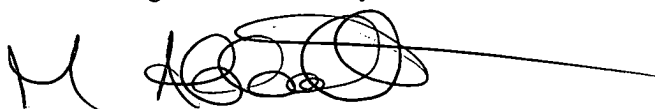
STATEMENT OF FINANCIAL POSITION

31 December 2018

Company Registration Number: 04007764

	Notes	2018 \$	2017 \$
Fixed assets			
Tangible assets	10	182,120	129,424
Other intangible assets	11	205,149	236,184
		<u>387,269</u>	<u>365,608</u>
Current assets			
Debtors	12	1,143,125	1,102,573
Cash at bank and in hand		11,096,522	13,808,341
		<u>12,239,647</u>	<u>14,910,914</u>
Current Liabilities			
Creditors: Amounts falling due within one year	13	(4,235,230)	(7,845,681)
Net current assets		<u>8,004,417</u>	<u>7,065,233</u>
 Provision for Liabilities	 14	 (14,243)	 (4,733)
Net assets		<u>8,377,443</u>	<u>7,426,108</u>
 Capital and reserves			
Called up share capital	16	6,238	6,238
Share premium account	17	5,374,258	5,374,258
Capital redemption account	18	42,292	42,292
Profit and loss account	19	2,983,970	2,032,635
Foreign exchange reserve	20	(29,315)	(29,315)
Total equity		<u>8,377,443</u>	<u>7,426,108</u>

The financial statements on pages 10 to 26 were approved and authorised for issue by the board of directors on 13 March 2019 and are signed on its behalf by:



M Abbott
Director

Global Coal Limited
STATEMENT OF CHANGES IN EQUITY
31 December 2018

	Notes	Ordinary Share Capital	Share Premium	Special Deferred Shares	Preference Shares	Non Voting Deferred Shares	Capital Redemption Reserve	Foreign Currency Translation Reserve	Profit and loss account	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 January 2017		793	5,374,258	2	54,426	-	34	(29,315)	5,848,574	11,248,772
Profit for the year and total comprehensive income for the year	19	-	-	-	-	-	-	-	1,687,013	1,687,013
Transactions with owners in their capacity as owners:										
Share re-organisation		5,443	-	-	(54,426)	48,983	-	-	-	-
Exchange Loss		-	-	-	-	(6,725)	-	-	6,725	-
Transfer to capital redemption reserve		-	-	-	-	(42,258)	42,258	-	-	-
Dividends	9	-	-	-	-	-	-	-	(5,509,677)	(5,509,677)
Balance as at 31 December 2017		6,236	5,374,258	2	-	-	42,292	(29,315)	2,032,635	7,426,108
Profit for the year and total comprehensive income for the year	19	-	-	-	-	-	-	-	1,951,338	1,951,338
Dividends	9	-	-	-	-	-	-	-	(1,000,003)	(1,000,003)
Balance as at 31 December 2018		6,236	5,374,258	2	-	-	42,292	(29,315)	2,983,970	8,377,443

Global Coal Limited
STATEMENT OF CASH FLOWS
31 December 2018

	Notes	2018 \$	2017 \$
Operating activities			
Cash generated from operations	21	2,127,910	1,435,888
Income taxes paid		(406,317)	(626,675)
Net cash from operating activities		<u>1,721,593</u>	<u>809,213</u>
Investing activities			
Interest received		66,993	31,499
Purchase of tangible assets		(154,798)	(70,597)
Purchase of intangible assets		(85,425)	(50,405)
Net cash used in investing activities		<u>(173,230)</u>	<u>(89,503)</u>
Financing activities			
Dividends paid		(4,260,182)	(1,249,495)
Net cash used in financing activities		<u>(4,260,182)</u>	<u>(1,249,495)</u>
Net decrease in cash and cash equivalents		<u>(2,711,819)</u>	<u>(529,785)</u>
Cash and cash equivalents at the beginning of the year		<u>13,808,341</u>	<u>14,338,126</u>
Cash and cash equivalents at the end of the year		<u><u>11,096,522</u></u>	<u><u>13,808,341</u></u>

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

1. General Information

Global Coal Limited ("the Company") is a private company limited by shares, registered, domiciled and incorporated in England. The Registered Office and principal place of business is 7th Floor, Dashwood House, 69 Old Broad Street, London, EC2M 1QS. The company's principal activities and nature of its operations are set out within the Directors' Report.

2. Basis of Accounting

The financial statements of Global Coal Limited have been prepared in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest \$1, except where otherwise indicated.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. 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 4.

(b) Going concern

The directors have prepared forecasts for the business and on the basis of the expected results and given the resources that the Company has available to it, the directors believe the Company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Functional Currency

The company's functional and presentational currency is US dollars.

(d) Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction.

All transaction differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of value added taxes.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the amount of revenue can be measured reliably; and (c) it is probable that future economic benefits will flow to the entity.

Commissions receivable on trades are recognised immediately on execution.

Membership fee income is deferred and released in equal instalments over the period of membership.

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

(f) Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

(g) Intangible fixed assets (other than goodwill)

Development costs are capitalised based on the company's ability to reliably measure the expenditure attributable to the intangible asset during its development and the existence of a market for the use of the intangible asset from which future economic benefits will be generated. Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Capitalised development expenditure is amortised on a straight line basis over its useful life, which is 5 years. The directors consider this useful life to be appropriate being the estimated minimum period the products are expected to generate economic benefits.

Other externally purchased intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Intangible assets are amortised to profit or loss on a straight line basis of their useful lives as follows:

Software	3 years
Website	3 years

Provision is made for any impairment in value.

Amortisation is revised prospectively for any significant change in useful life or residual value. On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

Amortisation of Website development costs will commence from the date the new website becomes live.

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

(h) Tangible fixed assets

Fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Leasehold improvements	5 years
Fixtures and fittings	3 years
IT hardware	3 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

(i) Impairments

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

(j) Leases

Operating lease rentals are charged to profit or loss in equal monthly amounts over the lease term.

(k) Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

(l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(m) Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the company.

(n) Financial assets

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 in full, to all of its financial instruments.

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and accrued income, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

(o) Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Financial liabilities at fair value through profit or loss

Financial liabilities classified as other financial liabilities are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

(p) Other income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective rate.

4. Critical accounting judgements and estimation uncertainty

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

In the course of the previous year the directors decided to fully impair all the development costs relating to a project of \$193,627 as any future cash flows from the asset were deemed to be uncertain.

The directors do not consider there are any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year.

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

5. Turnover and profit on ordinary activities before taxation

The Company's turnover and profit before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

<i>Analysis of turnover by category</i>	2018	2017
	\$	\$
Rendering of services	9,922,153	10,367,049
	<u> </u>	<u> </u>
6. Profit before taxation	2018	2017
	\$	\$
Profit before taxation is stated after charging:		
Depreciation of tangible fixed assets - owned assets	101,304	89,850
Amortisation of intangible fixed assets	116,460	148,550
Impairment of intangible fixed assets	-	193,627
Foreign exchange trading (gains)/losses	126,308	115,507
Operating lease rentals:		
Land and buildings	354,787	339,222
Auditor's remuneration:		
Audit services	48,301	46,113
Non audit services:		
Tax compliance	<u>8,114</u>	<u>10,375</u>

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

7. Employees	2018	2017
	No.	No.
The average monthly number of persons (including directors) employed by the Company during the year was:		
Information technology	5	5
Sales and marketing	17	19
Administration	6	6
	28	30
	2018	2017
	\$	\$
Wages and salaries	4,106,586	4,451,413
Social security costs	443,507	552,322
Pension contributions	240,425	218,688
Staff costs	4,790,518	5,222,423
	2018	2017
	\$	\$
<i>Directors' remuneration</i>		
Emoluments	563,335	828,679
Pension contributions	30,883	35,255
Other benefits	-	3,401
	594,218	867,335

The amount paid to the highest paid director was \$455,544 (2017: \$432,674), including pension scheme contributions of \$30,883 (2017: \$21,952).

The number of directors to whom retirement benefits are accruing under money purchase schemes was: 0 (2017: 0).

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

	2018	2017
	\$	\$
8. Taxation		
Current tax:		
UK corporation tax on profits of the year	486,471	433,703
Adjustment in respect of previous period	(4,469)	49,797
Total current tax	482,002	483,500
Deferred tax:		
Origination and reversal of timing differences	9,510	9,681
Total deferred tax	9,510	9,681
Tax on profit	491,512	493,181
	2018	2017
Factors affecting tax charge for the year:		
	\$	\$
The tax assessed for the year is lower than the standard rate of		
Corporation tax of 19.25% (2016: 20%). The differences are explained below:		
Profit before tax	2,442,850	2,180,194
Profit multiplied by the standard rate of corporation tax of 19.25% (2016: 20%)	464,142	419,687
Effects of:		
Fixed asset differences	553	
Expenses not deductible for tax purposes	31,741	44,494
Capital allowances for period in excess of depreciation	-	-
Adjustments to tax charge in respect of previous periods	(3,526)	49,797
Adjust closing deferred tax to average of 19.00%	(1,676)	(625)
Adjust opening deferred tax to average of 19.00%	555	(4,162)
Current tax (prior period) exchange difference arising on movement between opening and closing spot rates	(943)	
Current tax (current period) exchange difference arising on movement between opening and closing spot rates	678	
Other timing differences		(1,027)
Exchange differences		11,557
Deferred tax not recognised	(12)	(26,540)
Total tax expense	491,512	493,181

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

9. Dividends	2018 \$	2017 \$
Interim dividend paid		1,249,495
Interim dividend payable	1,000,003	4,260,182
	<u>1,000,003</u>	<u>5,509,677</u>

Payments amounting to \$4,260,182 were made in 2018 which all related to 2017 dividends. \$1,660,127 was paid on 2 January 2018, \$1,116,556 on 6 April 2018 and \$1,483,499 on 30 April 2018.

A final dividend was declared on 3 December 2018 amounting to \$1,000,003 at \$0.02474 per share to be paid on 6 April 2019.

10. Tangible Fixed Assets

	Leasehold improvements \$	Fixtures & fittings \$	IT Hardware \$	Total \$
Cost				
1 January 2018	398,217	167,610	1,744,242	2,310,069
Additions	-	8,426	146,373	154,799
Disposals	-	(1,514)	(22,139)	(23,653)
31 December 2018	<u>398,217</u>	<u>174,522</u>	<u>1,868,476</u>	<u>2,441,215</u>
Depreciation				
1 January 2018	398,217	123,687	1,658,741	2,180,645
Charged in year	-	24,043	77,261	101,304
Disposals	-	(715)	(22,139)	(22,854)
31 December 2018	<u>398,217</u>	<u>147,015</u>	<u>1,713,863</u>	<u>2,259,095</u>
Net book value				
31 December 2018	<u>-</u>	<u>27,507</u>	<u>154,613</u>	<u>182,120</u>
31 December 2017	<u>-</u>	<u>43,923</u>	<u>85,501</u>	<u>129,424</u>

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

11. Intangible Fixed Assets

	Software	Website	Development Costs	Total
	\$	\$	\$	\$
Cost				
1 January 2017	815,593	665,398	398,033	1,879,024
Additions - separately acquired	56,908	-	28,517	85,425
31 December 2018	872,501	665,398	426,550	1,964,449
Amortisation				
1 January 2017	736,476	565,755	340,609	1,642,840
Charged in year	45,504	49,813	21,143	116,460
Impairment	-	-	-	-
31 December 2018	781,980	615,568	361,752	1,759,300
Net book value				
31 December 2018	90,521	49,830	64,798	205,149
31 December 2017	79,117	99,643	57,424	236,184

Included in the carrying value of development costs are the capitalised costs in respect of projects.

The amortisation charge for the year is recognised within administrative expenses.

12. Debtors

	2018	2017
	\$	\$
Due within one year:		
Trade debtors	861,350	819,994
Other debtors	45,926	48,034
Prepayments and accrued income	235,849	234,545
	1,143,125	1,102,573

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

13. Creditors: Amounts falling due within one year	2018	2017
	\$	\$
Dividend payable	1,000,003	4,260,181
Trade creditors	71,431	114,540
Corporation tax	267,068	191,384
Other taxation and social security	300,357	427,718
Other creditors	54,306	48,205
Accruals and deferred income	2,542,065	2,803,653
	<u>4,235,230</u>	<u>7,845,681</u>

14. Provision for Liabilities

Deferred Tax	2018	2017
	\$	\$
1 January	4,733	(4,948)
Charge for year	9,510	9,681
	<u>14,243</u>	<u>4,733</u>

The deferred tax liability of 2018 comprises a liability of \$23,550 relating to accelerated capital allowances and an asset of \$9,307 relating to short term timing differences.

15. Financial instruments

The carrying amounts of the company's financial instruments at 31 December were:

	2018	2017
	\$	\$
Financial assets:		
Debt instruments measured at amortised cost	917,076	881,188
Financial liabilities:		
Measured at amortised cost	2,222,053	5,756,757

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

16. Share capital	Ordinary shares 0.1 pence each	Special deferred share £1 each	Total
	No.	No.	No.
Called up, allotted and fully paid:			
1 January	4,042,375	1	4,042,376
31 December	4,042,375	1	4,042,376

	Ordinary shares 0.1 pence each	Special deferred share £1 each	Total
	\$	\$	\$
1 January	6,236	2	6,238
31 December	6,236	2	6,238

The special deferred share holds no voting rights, rights to dividends or rights to further participation in the capital of the Company. On winding up, the holder is entitled only to the repayment of paid up share capital, subordinated to the rights of the ordinary shareholders.

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

17. Share premium account	2018	2017
	\$	\$
1 January	5,374,258	5,374,258
31 December	<u>5,374,258</u>	<u>5,374,258</u>
18. Capital redemption account	2018	2017
	\$	\$
31 December	<u>42,292</u>	<u>42,292</u>
19. Retained Earnings	2018	2017
	\$	\$
1 January	2,032,635	5,848,574
Profit for the financial year	1,951,338	1,687,013
Exchange differences in share revaluation	-	6,725
Dividend paid	-	(1,249,495)
Dividend payable	<u>(1,000,003)</u>	<u>(4,260,182)</u>
31 December	<u>2,983,970</u>	<u>2,032,635</u>
20. Foreign Exchange Reserve	\$	
At 1 January 2017 and 2018 and 31 December 2017 and 2018	<u>(29,315)</u>	
21. Cash Flows	2018	2017
	\$	\$
Reconciliation of profit after tax to net cash generated from operations		
Profit after tax	1,951,338	1,687,013
Depreciation, amortisation and impairment	218,563	432,027
Interest receivable	(66,993)	(31,499)
Taxation	491,512	493,181
Operating cashflows before movements in working capital	<u>2,594,420</u>	<u>2,580,722</u>
Decrease in debtors	(40,553)	526,297
Increase/(decrease) in creditors	<u>(425,957)</u>	<u>(1,671,131)</u>
Cash generated from operations	<u>2,127,910</u>	<u>1,435,888</u>

Global Coal Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

22. Commitments Under Operating Leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018 \$	2017 \$
Land and buildings:		
Amount payable in one year	261,840	332,865
Amount payable in second to fifth year	<u>0</u>	<u>267,457</u>
	<u>261,840</u>	<u>600,322</u>

23. Ultimate parent company and controlling party

The ultimate parent undertaking by virtue of its shareholding is Global HubCo BV, a company registered in the Netherlands. Accounts are available from Global HubCo BV, Herikerbergweg 238, Luna AreaA, 1101CM Amsterdam, The Netherlands.

In the opinion of the directors, there is no single controlling party given that the shareholders' agreement has provisions, separate from rights attaching to shares, such that a "consumer" shareholder must agree to a vote in addition to votes cast by "producer" shareholders (Global HubCo BV and Anglo American Finance (UK) Plc) before certain special resolutions can be passed.

24. Retirement benefits

The company operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of this scheme are held separately from those of the company in an independently administered fund. The contributions payable by the company charged to profit or loss amounted to \$240,425 (2017: \$218,688). There were no contributions outstanding as of the year end (2017: \$0).

25. Remuneration of key management personnel

Key management personnel compensation, which relates to the senior management team, amounted to \$1,782,634 in 2018 (2017: \$2,594,629)