MAGNUS ENERGY GROUP LTD.
(Incorporated in Singapore)
(Registration No. 198301375M)

INDEPENDENT AUDITOR'S QUALIFIED OPINION ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

Pursuant to Rule 704(4) of the Listing Manual: Section B Rules of Catalist, the Board of Directors ("**Directors**") of Magnus Energy Group Ltd. (the "**Company**") wishes to announce that the Company's independent auditor ("**Independent Auditor**"), Moore Stephens LLP, has issued their report ("**Report**") on the financial statements for the Company and its subsidiaries for the financial year ended 30 June 2014, highlighting *inter alia*:

Extract of Independent Auditor's Report

The basis of qualified opinion and the qualified opinion are as follows:

Basis for Qualified Opinion

6. Our audit report dated 4 October 2013 on the financial statements for the previous financial year ended 30 June 2013 contained a modified opinion on the matters as discussed below, which remain unresolved during the current financial year ended 30 June 2014.

7. As discussed in Note 18 to the financial statements, the Group's investment in the Coal Concession Rights of approximately S$24.8 million (2013: S$24.5 million) as at 30 June 2014 is included in the Group's consolidated balance sheet at cost less impairment losses. In addition, the Group has a deferred tax liability of approximately S$7.2 million (2013: S$7.0 million) relating to this investment (Note 11).

8. The investment in the Coal Concession Rights is held in the name of PT Batubara Selaras Sapta ("PT BSS"), a subsidiary of the Group. As explained in Note 18, because the outcome of the ongoing legal proceedings relating to the Group's ownership interest in PT BSS is uncertain, the directors of the Company were unable to determine the recoverable amount of the Group's investment in the Coal Concession Rights.

9. Accordingly, we have not been provided with the information and explanations that we considered necessary, nor are we able to carry out alternative auditing procedures to satisfy ourselves as to the validity and appropriateness of the carrying amount of the Group's investment in Coal Concession Rights and the related deferred tax liability as reflected in the Group's consolidated balance sheet of approximately S$24.8 million (2013: S$24.5 million) and S$7.2 million (2013: S$7.0 million), respectively. Any adjustment to these amounts may have a significant consequential effect on the financial position of the Group as at 30 June 2014 and the results of the Group for the financial year then ended.

10. Further, the Company has an investment in, and an amount due from, APAC Coal Limited ("APAC"), a subsidiary of the Group, of approximately S$492,000 (2013: S$645,000) (Note 14) and S$646,000 (2013: S$1.2 million) (Note 22), respectively. APAC holds a 100% interest in PT Deefu Chemical Indonesia which in turn holds a 100% interest in PT BSS. PT BSS is the holder of the Coal Concession Rights as referred to in paragraph 8 above. The ability of the Company to realise its investment in, and the amount due from APAC, is largely dependent on the successful outcome of the legal proceedings as referred to in paragraph 8 above.

11. Under these circumstances, it was not possible to carry out the necessary auditing procedures, nor were we able to carry out alternative auditing procedures, to satisfy ourselves as to the recoverability of the Company's investment in, and amount due from APAC, of approximately S$492,000 (2013: S$645,000) and S$646,000 (2013: S$1.2 million), respectively as at 30 June 2014. Any adjustment to these amounts may have a significant consequential effect on the financial position of the Company as at 30 June 2014.

Qualified Opinion

12. In our opinion, except for the matters described in paragraphs 6 to 11 above, the consolidated financial statements of the Group and the balance sheet of the Company, are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Reports on Other Legal and Regulatory Requirements

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

Copy of the aforesaid Independent Auditor's Report, together with extracts of the relevant note to the Financial Statements are annexed to this announcement.

The directors of Magnus Energy Group Ltd., do hereby state that (in the Statement By Directors in the Annual Report 2014), in the opinion of the directors;

(a) as explained in Note 18 to the financial statements, because of the uncertainty surrounding the outcome of the ongoing legal proceedings relating to the Group's ownership interest in PT Batubara Selaras Sapta ("PT BSS"), we are unable to determine the recoverable amount of the Group's investment in the Coal Concession Rights of approximately S$24.8 million and its related deferred tax liability of approximately S$7.2 million as at 30 June 2014. The investment has been included in the Group's consolidated balance sheet at its book value;

(b) except for the matter stated in paragraph (a) above, the consolidated financial statements of the Group and the balance sheet of the Company as set out in pages 33 to 101 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014 and the results, changes in equity and cash flows of the Group for the year then ended; and

(c) as 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.

MAGNUS ENERGY GROUP LTD.
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INDEPENDENT AUDITOR'S QUALIFIED OPINION ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

The Company would like to refer to the above paragraph 8 of the Independent Auditor's Report. The Company is unable to provide information or explanations to our auditor due to the uncertainty of ongoing litigations surrounding the Coal Concession Rights, thus resulting in our auditor being unable to satisfy themselves as to the validity and appropriateness of the carrying amount of the Group's investment in Coal Concession Rights and the related deferred tax liability as reflected in the Group's consolidated balance sheet as at 30 June 2014.

The Company would also like to refer to the above paragraph 10 of the Independent Auditor's Report. In conjunction with the issues mentioned in paragraph 8 of the Independent Auditor's Report, the Company is unable to determine the realisable amount of the Group's investment in APAC Coal due to the uncertainty of ongoing litigations surrounding the Coal Concession Rights held by PT BSS, a wholly subsidiary of APAC Coal. Nevertheless, the valuation of the Group's investment in APAC Coal may be determinable based on the quoted price in the Australian Stock Exchange. Further, the Company is in a net liability position owing to APAC Coal on a netted basis as at 30 June 2014, and as such, the amount due from APAC Coal may be recoverable if future settlement is agreed between the relevant parties on a netted basis.

Barring unforeseen circumstances and having taken into consideration the abovementioned matter, the Directors believes that as at the date of announcement, there are reasonable grounds to believe that the Group and the Company would be able to continue as a going concern and will be able to pay its debts as and when they fall due.

By Order of the Board
Magnus Energy Group Ltd.

Luke Ho Khee Yong
Company Secretary
7 October 2014

The contact person for the Sponsor is Mr Bernard Lui.
Tel: 6389 3000   Email: bernard.lui@stamfordlaw.com.sg

STATEMENT BY DIRECTORS

We, Kushairi Bin Zaidel and Goh Boon Kok, being two of the directors of Magnus Energy Group Ltd., do hereby state that, in the opinion of the directors,

(a) as explained in Note 18 to the financial statements, because of the uncertainty surrounding the outcome of the ongoing legal proceedings relating to the Group's ownership interest in PT Batubara Selaras Sapta ("PT BSS"), we are unable to determine the recoverable amount of the Group's investment in the Coal Concession Rights of approximately S$24.8 million and its related deferred tax liability of approximately S$7.2 million as at 30 June 2014. The investment has been included in the Group's consolidated balance sheet at its book value;

(b) except for the matter stated in paragraph (a) above, the consolidated financial statements of the Group and the balance sheet of the Company as set out in pages 33 to 101 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014 and the results, changes in equity and cash flows of the Group for the year then ended; and

(c) as 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.

On behalf of the Board of Directors,

KUSHAIRI BIN ZAIDEL
Director

GOH BOON KOK
Director

Singapore

2 October 2014

1. We have audited the accompanying financial statements of Magnus Energy Group Ltd. (the "Company") and its subsidiaries (collectively the "Group") as set out on pages 33 to 101, which comprise the balance sheets of the Group and of the Company as at 30 June 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

6. Our audit report dated 4 October 2013 on the financial statements for the previous financial year ended 30 June 2013 contained a modified opinion on the matters as discussed below, which remain unresolved during the current financial year ended 30 June 2014.

7. As discussed in Note 18 to the financial statements, the Group's investment in the Coal Concession Rights of approximately S$24.8 million (2013: S$24.5 million) as at 30 June 2014 is included in the Group's consolidated balance sheet at cost less impairment losses. In addition, the Group has a deferred tax liability of approximately S$7.2 million (2013: S$7.0 million) relating to this investment (Note 11).

8. The investment in the Coal Concession Rights is held in the name of PT Batubara Selaras Sapta ("PT BSS"), a subsidiary of the Group. As explained in Note 18, because the outcome of the ongoing legal proceedings relating to the Group's ownership interest in PT BSS is uncertain, the directors of the Company were unable to determine the recoverable amount of the Group's investment in the Coal Concession Rights.

9. Accordingly, we have not been provided with the information and explanations that we considered necessary, nor are we able to carry out alternative auditing procedures to satisfy ourselves as to the validity and appropriateness of the carrying amount of the Group's investment in Coal Concession Rights and the related deferred tax liability as reflected in the Group's consolidated balance sheet of approximately S$24.8 million (2013: S$24.5 million) and S$7.2 million (2013: S$7.0 million), respectively. Any adjustment to these amounts may have a significant consequential effect on the financial position of the Group as at 30 June 2014 and the results of the Group for the financial year then ended.

Basis for Qualified Opinion ((cont'd)

10. Further, the Company has an investment in, and an amount due from, APAC Coal Limited ("APAC"), a subsidiary of the Group, of approximately S$492,000 (2013: S$645,000) (Note 14) and S$646,000 (2013: S$1.2 million) (Note 22), respectively. APAC holds a 100% interest in PT Deefu Chemical Indonesia which in turn holds a 100% interest in PT BSS. PT BSS is the holder of the Coal Concession Rights as referred to in paragraph 8 above. The ability of the Company to realise its investment in, and the amount due from APAC, is largely dependent on the successful outcome of the legal proceedings as referred to in paragraph 8 above.

11. Under these circumstances, it was not possible to carry out the necessary auditing procedures, nor were we able to carry out alternative auditing procedures, to satisfy ourselves as to the recoverability of the Company's investment in, and amount due from APAC, of approximately S$492,000 (2013: S$645,000) and S$646,000 (2013: S$1.2 million), respectively as at 30 June 2014. Any adjustment to these amounts may have a significant consequential effect on the financial position of the Company as at 30 June 2014.

Qualified Opinion

12. In our opinion, except for the matters described in paragraphs 6 to 11 above, the consolidated financial statements of the Group and the balance sheet of the Company, are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Reports on Other Legal and Regulatory Requirements

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

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore

2 October 2014

11 Income Tax (cont'd)

(a) Income tax expense (cont'd)

A reconciliation of the statutory tax rate to the Group's effective tax rate applicable to the Group's results before income tax for the financial year ended 30 June is as follows:

	Group	
	2014	**2013**
	S$	**S$**
(Loss)/Profit before income tax	(7,501,657)	4,593,086
Tax at the statutory tax rate	(1,275,282)	780,825
Tax effect of non-deductible expenses*	3,831,845	481,294
Tax effect of non-taxable income*	(2,225,595)	(573,868)
Over provision in respect of current and deferred taxes in prior years, net	56,416	(121,120)
Deferred tax assets not recognised	251,418	322,585
Utilisation of deferred tax benefits not recognised in previous years	–	(11,107)
Statutory exemption	(58,306)	(73,456)
Effect of different tax rates in other countries	(103,158)	192,607
	477,338	997,760

* Mainly relates to expenses of/income derived by those entities of the Group, whose principal activities are those of investment holdings that, do not qualify for deduction/are not taxable as they are capital in nature, in accordance with the relevant tax regulation.

The statutory tax rate used above is the corporate tax rate of 17% (2013: 17%) payable by corporate entities in Singapore on taxable profits under tax law in that jurisdiction. The corporate tax rate applicable to those entities of the Group incorporated in Australia is 30% (2013: 30%). The remaining entities of the Group operating in other tax jurisdictions are not material.

Deferred income taxes 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 unutilised tax losses of approximately S$13,625,000 (2013: S$10,735,000) as at 30 June 2014 available for offset against future taxable profits of the companies in which the losses arose. The use of these tax losses is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the entities of the Group operate. The tax losses have no expiry date. The deferred tax assets of approximately S$1,720,000 (2013: S$1,486,000) arising from these unutilised tax losses are not recognised in the financial statements in accordance with the Group's accounting policy as stated in Note 2(t).

11 Income Tax (cont'd)

(b) Deferred income tax (assets)/liabilities

Deferred tax (assets)/liabilities arise from and the movements in the accounts during the financial year are as follows:

	Balance at 1 July S$	Recognised in profit or loss S$	Recognised in other comprehensive income S$	Currency realignment S$	Balance at 30 June S$
Group					
2014					
Deferred tax (assets)					
Provisions	(346,275)	298,473	–	(32,257)	(80,059)
Available-for-sale financial assets	(175,424)	–	234	1,983	(173,207)
Unutilised tax benefits	(624,724)	(509,807)	–	(449)	(1,134,980)
	(1,146,423)	(211,334)	234	(30,723)	(1,388,246)
Deferred tax liabilities					
Property, plant and equipment	20,878	(18,687)	–	354	2,545
Intangible assets*	8,508,990	13,890	–	128,247	8,651,127
	8,529,868	(4,797)	–	128,601	8,653,672
	7,383,445	(216,131)	234	97,878	7,265,426
2013					
Deferred tax (assets)					
Provisions	(6,470)	(332,271)	–	(7,534)	(346,275)
Available-for-sale financial assets	(495,313)	310,790	(5,782)	14,881	(175,424)
Unutilised tax benefits	(812,033)	291,437	–	(104,128)	(624,724)
	(1,313,816)	269,956	(5,782)	(96,781)	(1,146,423)
Deferred tax liabilities					
Property, plant and equipment	17,389	3,171	–	318	20,878
Intangible assets*	9,327,229	26,341	–	(844,580)	8,508,990
	9,344,618	29,512	–	(844,262)	8,529,868
	8,030,802	299,468	(5,782)	(941,043)	7,383,445

* Includes a deferred tax liability of approximately S$7.2 million (2013: approximately S$7.0 million) in respect of the Coal Concession Rights (Note 18).

13 Property, Plant and Equipment (cont'd)

Details of land and buildings owned by the Group as at 30 June 2014 and 2013 are as follows:

Location	Description	Area (sqm)	Title
5234 Brittmoore-North Road Harris County, Texas 77041 (KM 449C), USA	Office/Warehouse facility	Land: 6,494 Building: 795	Freehold
130 Mills Street, Welshpool Western Australia	Office/Warehouse facility	Land: 2,521 Building: 300	Freehold
9 Barfield Crescent, Elizabeth West, Adelaide South Australia	Single storey industrial building	Land: 2,044 Building: 196	Freehold
Unit 8, 47 Musgrove Road, Coopers Plains, Queensland South Australia	Terrace unit with office and warehouse building	Land: 190 Building: 190	Freehold
32 Loyang Crescent Singapore 508992	Office and warehouse building	Land: 4,222 Building: 3,428	Leasehold

14 Investments in Subsidiaries

(a) Investments in subsidiaries comprised:

	Company	
	2014 S$	2013 S$
Equity investments, at cost		
Balance at 1 July	50,220,100	50,220,100
Additions	2	–
	50,220,102	50,220,100
Less: Impairment loss	(35,771,133)	(35,618,112)
Balance at 30 June*	14,448,969	14,601,988

* Includes the investment in APAC Coal Limited with a carrying amount of approximately S$492,000 (2013: S$645,000) after the allowance for impairment loss of approximately S$35.8 million (2013: S$35.6 million).

Movements in the allowance for impairment loss of the Company's investments in subsidiaries during the financial year are as follows:

	Company	
	2014 S$	2013 S$
Balance at 1 July	(35,618,112)	(35,183,190)
Allowance for the year	(153,021)	(434,922)
Balance at 30 June	(35,771,133)	(35,618,112)

As at 30 June 2014, the directors of the Company carried out an assessment on the recoverable amount of the Company's investments in subsidiaries, and consequently, recognised an allowance for impairment loss of approximately S$0.15 million (2013: S$0.4 million). The investment giving rise to the impairment loss relates to the quoted shares of one of the subsidiaries of the Company of which the directors of the Company had determined the recoverable amount is less than the carrying amount of its investment based on the market value of those quoted shares as at 30 June 2014.

17 Goodwill

	Group 2014 S$	Group 2013 S$
Cost		
Balance at 1 July and 30 June	1,569,703	1,569,703

The goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit (CGU) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	Group 2014 S$	Group 2013 S$
Mid-Continent Equipment Group Pte Ltd	1,569,703	1,569,703

The recoverable amount of a CGU is determined from a value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding the discount rates, growth rates and direct costs during the relevant years. Management estimates discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGU.

Mid-Continent Equipment Group Pte Ltd (the "CGU") prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years. Management has assumed an estimated revenue growth rate of 1% for the next 5 years (2013: 5% for the next 5 years). Management has also used a 3% (2013: 1%) growth rate to calculate the terminal value for periods beyond the 5 years. The rate used to discount the cash flow forecasts of the CGU was 5.1% (2013: 8.6%).

Sensitivity analysis

Management has considered the possibility of an increase/decrease in the estimated growth rate and the discount rate used. Based on management's assessment, the recoverable amount of the CGU is in excess of its carrying amount, and accordingly, no allowance for impairment of goodwill is required as at 30 June 2014.

18 Other Intangible Assets

	Group Cost and Carrying Amount 2014 S$	Group Cost and Carrying Amount 2013 S$
Petroleum Exploration License		
- 20% (2013: 20%) participating interest for the exploration of an area covered by the Petroleum Exploration License ("PEL") 101 granted under the Petroleum Act 2000 of South Australia		
Balance at 1 July	4,431,893	4,365,510
Additions	2,348	151,316
Currency realignment	(174,664)	(84,933)
Balance at 30 June	4,259,577	4,431,893

18 Other Intangible Assets (cont'd)

	Group	
	Cost and Carrying Amount	
	2014	2013
	S$	S$
Coal Concession Rights		
- Coal concession rights granted by the Government of Indonesia for a period of 30 years commencing from the date that mining operations commences, to explore, mine and extract coal from the Kuaro coal formation located at Kabupaten Pasir, East Kalimantan, Indonesia		
Balance at 1 July	23,487,100	26,221,510
Currency realignment	395,850	(2,734,410)
Balance at 30 June	23,882,950	23,487,100
- Exploration and evaluation expenditure incurred for the exploration and evaluation of coal of the Kuaro coal formation located at Kabupaten Pasir, East Kalimantan, Indonesia		
Balance at 1 July	1,030,271	1,073,958
Currency realignment	(149,159)	(43,687)
Balance at 30 June	881,112	1,030,271
	24,764,062	24,517,371
Total other intangible assets	29,023,639	28,949,264

Movements in the account during the financial year are as follows:

	Group	
	2014	2013
	S$	S$
Cost		
Balance at 1 July	62,639,246	65,350,960
Additions:		
- Petroleum Exploration License	2,348	151,316
Currency alignment	72,027	(2,863,030)
Balance at 30 June	62,713,621	62,639,246
Accumulated impairment loss		
Balance at 1 July and 30 June – Coal Concession Rights	(33,689,982)	(33,689,982)
Balance at 30 June	29,023,639	28,949,264

Petroleum Exploration License

During the previous financial year, the Group's participating interest in PEL 101 was diluted from 40% in 2012 to 20% in 2013 as the Group had transferred 50% of its ownership (i.e. 20%) to the other joint venture partner in accordance with the relevant assignment deeds and agreements. The transfer was made for Nil consideration as the other joint venture partner had funded the increased investment in the exploration of PEL 101 in 2013.

18 Other Intangible Assets (cont'd)

Coal Concession Rights

The Coal Concession Rights, included in the Group's consolidated balance sheet, at a carrying amount of approximately S$24.8 million (2013: S$24.5 million) with a corresponding deferred tax liability of approximately S$7.2 million (2013: S$7.0 million) (Note 11) included in intangible assets are held in the name of PT Batubara Selaras Sapta ("PT BSS"), a subsidiary of the Group.

In 2008, the Indonesian Ministry of Law and Human Rights had informed the Group that another party is also registered as the legal owners of PT BSS. In 2009, the Group had filed a case against the Ministry of Law and Human Rights to confirm the Group's legal rights as to the ownership of PT BSS. In November 2009, the Supreme Court of Indonesia upheld an earlier judgement of the High Court, which was not to suspend the registration of the other party as the legal owner of PT BSS.

On the advice of the Indonesian legal counsel, the Group had in April 2010 submitted an application for a Judicial Review to the Chief Justice of the Supreme Court of Indonesia, seeking to overturn the earlier ruling of the High Court. In May 2012, the Indonesian legal counsel advised that the Judicial Review had been concluded, and that the administrative court does not have the authority to examine the title of ownership of the shares of PT BSS. Instead, only a district court has such an authority.

Subsequently, a fresh civil suit was filed by the Group with the District Court of Southern Jakarta. In accordance with the Indonesian Rules of Civil Procedure, the disputing parties have to conduct mediation before a trial. In June 2013, the Group received the judgement on the aforesaid civil suit. The District Court of Southern Jakarta had dismissed the lawsuit on the grounds that several individuals or parties named in the civil suit are not involved in the dispute.

Consequently, after consultation with the Group's legal advisors, the Group served a Notice of Intent ("Notice") to Resolve Investment Dispute to the Government of the Republic Indonesia on 25 June 2013. At the date of authorisation of these financial statements, the Government of the Republic of Indonesia has not responded to the Notice.

In view of the ongoing legal proceedings, PT BSS has been advised by the Indonesian Ministry of Energy and Mines to suspend all activities at the coal mine for the foreseeable future.

Impairment loss – Coal Concession Rights

The impairment loss of S$33,689,982 made in 2009 was related to the impairment of the Coal Concession Rights. This was derived based on the fair value estimated by an independent valuer, who had issued an independent technical valuation report in August 2009, on the Joint Ore Reserves Committee ("JORC") - compliant resource estimate for the coal concession within an 8.9km^2 investigation area with an indicated resource aggregating approximately 6.79 million tonnes of coal, and the remaining exploration potential of the coal concession comprising 222km^2. The independent valuer had applied the In-situ Method of valuing the mineral resources associated with the 8.9 km^2 investigation area and the Comparable Transaction Method to value the remaining exploration potential comprising 222km^2 to estimate the fair value of the Coal Concession Rights as at 30 June 2009.

As the outcome of the ongoing legal proceedings relating to Group's ownership interest in PT BSS, as described in the preceding paragraphs of this note, is uncertain, the directors of the Company were unable to estimate with any degree of certainty the future cash flows attributable to the Group's investment in the Coal Concession Rights. For these reasons, it is not possible with any degree of reliability to assess the fair value of the Group's investment in the Coal Concession Rights as at 30 June 2014. Accordingly, the investment has been included in the Group's consolidated balance sheet at its carrying amount as disclosed in this note.

21 Trade and Other Receivables (cont'd)

Impairment loss – trade receivables

Movements in the allowance for impairment loss of the Group's trade receivables during the financial year are as follows:

	Group 2014 S$	Group 2013 S$
Balance at 1 July	43,660	17,568
Reversal of allowance	(12,236)	–
Allowance written off	(17,904)	–
Allowance for the year	–	26,534
Currency alignment	(625)	(442)
Balance at 30 June	12,895	43,660

22 Related Parties Balances

The amounts due from/(to) related parties (refer to Note 37 for the definition of related parties) comprised:

	Group 2014 S$	Group 2013 S$	Company 2014 S$	Company 2013 S$
Due from:				
- Subsidiaries* (non-trade)	–	–	4,432,086	1,496,594
- Joint venture entities (trade)	201,201	1,988,364	–	–
- Other related parties (trade)	18,767	37,539	–	–
	219,968	2,025,903	4,432,086	1,496,594

* Includes an amount due from APAC Coal Limited of approximately S$646,000 (2013: S$1.2 million).

	Group 2014 S$	Group 2013 S$	Company 2014 S$	Company 2013 S$
Due (to):				
- Subsidiaries** (non-trade)	–	–	(2,468,282)	(4,569,860)
- Joint venture entities (trade)	(18,736)	(8,597)	–	–
- Other related parties (trade)	(408,135)	(2,870,205)	–	–
	(426,871)	(2,878,802)	(2,468,282)	(4,569,860)

** Includes a term loan amount due to APAC Coal Limited of AUD2.1 million (2013: AUD2.5 million) (approximately S$2.5 million) (2013: approximately S$2.9 million) which is secured by a charge of all monies which are acceptable to the Lender with a combined value of not less than AUD2.1 million, carries a 7% (2013: 8%) interest per annum and is repayable in full on maturity or extended as may be mutually agreed between the parties.

The above trade amounts due from/(to) are within normal trade credit terms of 30 – 90 days. The non-trade amounts are unsecured, interest-free and repayable on demand based on cash terms.