

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 2015

Pursuant to Rule 704(4) of the Listing Manual: Section B Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board of Directors ("**Directors**") of Magnus Energy Group Ltd. (the "**Company**") wishes to announce that the Company's independent auditor (the "**Independent Auditor**"), Moore Stephens LLP, has issued their report on the financial statements of the Company and its subsidiaries (the "**Group**") for the financial year ended 30 June 2015, 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 auditors' report dated 2 October 2014 on the financial statements for the previous financial year ended 30 June 2014 contained a modified opinion on the matters as discussed below, which remain unresolved during the current financial year ended 30 June 2015.
7.
 - (i) As discussed in Note 18 to the financial statements, the Group's investment in the Coal Concession Rights of approximately S\$21.8 million (2014: S\$24.8 million) as at 30 June 2015 is included in the Group's consolidated statement of financial position at cost less impairment losses. In addition, the Group has a deferred tax liability of approximately S\$6.3 million (2014: S\$7.2 million) relating to this investment (Note 11).
 - (ii) The investment in the Coal Concession Rights is held in the name of PT Batubara Selaras Saptas ("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.
 - (iii) Accordingly, we have not been provided with the information and explanation that we consider 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 statement of financial position of approximately S\$21.8 million (2014: S\$24.8 million) and S\$6.3 million (2014: S\$7.2 million), respectively. Any adjustment to these amounts may have a significant consequential effect on the financial position of the Group as at 30 June 2015 and the financial performance of the Group for the financial year then ended.
 - (iv) 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 (2014: S\$492,000) (Note 14) and S\$1,054,000 (2014: S\$646,000) (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 (ii) 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 (ii) above.

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- (v) Under these circumstances, it is not possible to carry out the necessary auditing procedures, nor are we able to carry out alternative auditing procedures, to satisfy ourselves as to the recoverability of the Company's investment in, and the amount due from APAC, of approximately S\$492,000 (2014: S\$492,000) and S\$1,054,000 (2014: S\$646,000), respectively as at 30 June 2015. Any adjustment to these amounts may have a significant consequential effect on the financial position of the Company as at 30 June 2015 and the financial performance of the Group for the financial year then ended.

Qualified Opinion

8. In our opinion, except for the matters described in paragraph 7 above, the consolidated financial statements of the Group and the statement of financial position 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 financial positions of the Group and of the Company as at 30 June 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Reports on Other Legal and Regulatory Requirements

9. 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.

A 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 the Company, do hereby state that (in the Statement by Directors in the Annual Report 2015), 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\$21.8 million and its related deferred tax liability of approximately S\$6.3 million as at 30 June 2015. The investment has been included in the Group's consolidated statement of financial position at its book value;
- (b) except for the matter stated in paragraph (a) above, the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 42 to 127 are drawn up so as to give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2015 and the financial performance, 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.

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INDEPENDENT AUDITOR'S QUALIFIED OPINION ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

The Company would like to refer to the above paragraph 7(ii) 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 2015.

The Company would also like to refer to the above paragraph 7(iv) of the Independent Auditor's Report. In conjunction with the issues mentioned in paragraph 7(ii) of the Independent Auditor's Report, the Company is unable to determine the realisable amount of the Group's investment in APAC due to the uncertainty of ongoing litigations surrounding the Coal Concession Rights held by PT BSS, a wholly subsidiary of APAC. Nevertheless, the valuation of the Group's investment in APAC 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 on a netted basis as at 30 June 2015, and as such, the amount due from APAC 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
Chief Executive Officer
2 October 2015

MAGNUS ENERGY GROUP LTD.

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INDEPENDENT AUDITOR'S QUALIFIED OPINION ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

About Magnus Energy Group Ltd. (www.magnusenergy.com.sg)

Listed Since 04 August 1999

Magnus Energy Group Ltd. is listed on the Catalist Board of the SGX-ST. While the Group started its businesses as an integrated mechanical and engineering specialist, the Group swiftly added the property development, construction and related businesses into its diversified portfolio. The acquisition of a controlling stake in Mid-Continent Equipment Group Pte Ltd. in April 2004 has enabled the Group to establish new business opportunities in the oil and gas as well as alternative energies industries.

The Group seeks to achieve a diversified portfolio and will selectively invest in profitable projects. This will be an ongoing process for the Group as it looks to broaden its earnings base and at the same time re-engineer itself to explore new acquisition and investment opportunities across the Asia-Pacific region.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Continuing Sponsor, Stamford Corporate Services Pte Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

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

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 Ong Chin Chuan, 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\$21.8 million and its related deferred tax liability of approximately S\$6.3 million as at 30 June 2015. The investment has been included in the Group's consolidated statement of financial position at its book value;
- (b) except for the matter stated in paragraph (a) above, the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 42 to 127 are drawn up so as to give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2015 and the financial performance, 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

ONG CHIN CHUAN
Director

Singapore

30 September 2015

INDEPENDENT AUDITORS' REPORT

to the Members of Magnus Energy Group Ltd.

Report on the Financial Statements

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 42 to 127, which comprise the statement of financial positions of the Group and of the Company as at 30 June 2015, 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 financial statements 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 about 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 auditors' report dated 2 October 2014 on the financial statements for the previous financial year ended 30 June 2014 contained a modified opinion on the matters as discussed below, which remain unresolved during the current financial year ended 30 June 2015.
7. (i) As discussed in Note 18 to the financial statements, the Group's investment in the Coal Concession Rights of approximately S\$21.8 million (2014: S\$24.8 million) as at 30 June 2015 is included in the Group's consolidated statement of financial position at cost less impairment losses. In addition, the Group has a deferred tax liability of approximately S\$6.3 million (2014: S\$7.2 million) relating to this investment (Note 11).

(ii) 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.

INDEPENDENT AUDITORS' REPORT

to the Members of Magnus Energy Group Ltd.

Basis for Qualified Opinion (cont'd)

- (iii) Accordingly, we have not been provided with the information and explanation that we consider 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 statement of financial position of approximately S\$21.8 million (2014: S\$24.8 million) and S\$6.3 million (2014: S\$7.2 million), respectively. Any adjustment to these amounts may have a significant consequential effect on the financial position of the Group as at 30 June 2015 and the financial performance of the Group for the financial year then ended.
- (iv) 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 (2014: S\$492,000) (Note 14) and S\$1,054,000 (2014: S\$646,000) (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 (ii) 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 (ii) above.
- (v) Under these circumstances, it is not possible to carry out the necessary auditing procedures, nor are we able to carry out alternative auditing procedures, to satisfy ourselves as to the recoverability of the Company's investment in, and the amount due from APAC, of approximately S\$492,000 (2014: S\$492,000) and S\$1,054,000 (2014: S\$646,000), respectively as at 30 June 2015. Any adjustment to these amounts may have a significant consequential effect on the financial position of the Company as at 30 June 2015 and the financial performance of the Group for the financial year then ended.

Qualified Opinion

- 8. In our opinion, except for the matters described in paragraph 7 above, the consolidated financial statements of the Group and the statement of financial position 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 financial positions of the Group and of the Company as at 30 June 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Reports on Other Legal and Regulatory Requirements

- 9. 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

30 September 2015

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

11 Income Tax (cont'd)

(b) Deferred tax (assets)/liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group (Restated)	
	2015 S\$	2014 S\$
Deferred tax assets	(165,721)	–
Deferred tax liabilities	6,378,738	7,253,431

Deferred tax (assets)/liabilities arise from and the movements in the accounts (prior to offsetting of balance with the same tax jurisdiction) 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					
2015					
<u>Deferred tax (assets)</u>					
Provisions	(283,673)	239,727	–	(4,903)	(48,849)
Available-for-sale financial assets	(173,206)	–	(7,276)	1,253	(179,229)
Unutilised tax benefits	(901,474)	(750,645)	–	190,390	(1,461,729)
	<u>(1,358,353)</u>	<u>(510,918)</u>	<u>(7,276)</u>	<u>186,740</u>	<u>(1,689,807)</u>
<u>Deferred tax liabilities</u>					
Property, plant and equipment	34,530	(7,503)	–	1,058	28,085
Intangible assets*	8,577,254	378,211	–	(1,080,726)	7,874,739
	<u>8,611,784</u>	<u>370,708</u>	<u>–</u>	<u>(1,079,668)</u>	<u>7,902,824</u>
 (Restated)					
2014					
<u>Deferred tax (assets)</u>					
Provisions	(337,471)	84,326	–	(30,528)	(283,673)
Available-for-sale financial assets	(175,424)	–	234	1,984	(173,206)
Unutilised tax benefits	(587,659)	(313,149)	–	(666)	(901,474)
	<u>(1,100,554)</u>	<u>(228,823)</u>	<u>234</u>	<u>(29,210)</u>	<u>(1,358,353)</u>
<u>Deferred tax liabilities</u>					
Property, plant and equipment	(13,385)	47,656	–	259	34,530
Intangible assets*	8,482,075	(33,839)	–	129,018	8,577,254
	<u>8,468,690</u>	<u>13,817</u>	<u>–</u>	<u>129,277</u>	<u>8,611,784</u>

* Includes a deferred tax liability of approximately S\$6.3 million (2014: approximately S\$7.2 million) in respect of the Coal Concession Rights (Note 18).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

13 Property, Plant and Equipment (cont'd)

Details of land and buildings owned by the Group as at 30 June 2015 and 2014 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 (expiring in 2051)

14 Investments in Subsidiaries

(a) Investments in subsidiaries comprised:

	Company	
	2015 S\$	2014 S\$
Equity investments, at cost		
Balance at 1 July	50,220,102	50,220,100
Additions	406,577	2
	50,626,679	50,220,102
Less: Impairment loss	(35,771,133)	(35,771,133)
Balance at 30 June*	14,855,546	14,448,969

* Includes the investment in APAC Coal Limited ("APAC") with a carrying amount of approximately S\$492,000 (2014: S\$492,000) after the allowance for impairment loss of approximately S\$35.8 million (2014: S\$35.8 million).

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

	Company	
	2015 S\$	2014 S\$
Balance at 1 July	(35,771,133)	(35,618,112)
Allowance for the year	-	(153,021)
Balance at 30 June	(35,771,133)	(35,771,133)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

14 Investments in Subsidiaries (cont'd)

(a) Investments in subsidiaries comprised: (cont'd)

As at 30 June 2015, management carried out an assessment on the recoverable amount of the Company's investments in subsidiaries, and concluded that no additional allowance for impairment loss is required. For the financial year ended 30 June 2014, the Group recognised an additional allowance for impairment of approximately S\$0.15 million. The investment that gave rise to the additional allowance for 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 based on fair value less costs to sell based on the market value of those quoted shares, which was less than the carrying amount of its investment as at 30 June 2014.

(b) Details of the Group's subsidiaries as at 30 June are as follows:

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective Equity Interest held by the Group	
			2015 %	2014 %
<i>Held by the Company</i>				
Antig Investments Pte. Ltd. ("Antig")	Investment holding	Singapore	100.00	100.00
MEG Global Ventures Pte. Ltd. ("MGV")	Investment holding	Singapore	100.00	100.00
Mid-Continent Equipment Group Pte Ltd. ("MEG") ¹	Investment holding and supply of equipment, tools and accessories used in the oil drilling business, distribution of tubular products, equipment and spares, provision of environmental and waste management services, fabrication and installation of control systems and testing of valve actuation	Singapore	55.89	54.35
MEG Management Sdn Bhd ²	Providing management services	Malaysia	100.00	100.00
APAC ³	Investment holding and engaging in exploration and evaluation of mineral resources	Australia	56.91	56.87

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

17 Goodwill (cont'd)

Sensitivity analysis

Management has considered the possibility of a decrease/increase in the estimated growth rate/terminal value 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 impairment of goodwill is required as at 30 June 2015 (2014: Nil). Notwithstanding this, management's estimates used in the value-in-use calculation were based on historical experience and their expectation of future events that are believed to be reasonable under the circumstances. In the event there is a significant change in those estimates used, actual results may ultimately differ and may materially affect the recoverable amount of the CGU.

18 Other Intangible Assets

	Group	
	Cost and Carrying Amount	
	2015	2014
	S\$	S\$
<u>Petroleum Retention License</u>		
- 20% (2014: 20%) participating interest for the exploration of an area covered by the PRL 173 and 174 (formerly known as PEL 101) granted under the Petroleum Act 2000 of South Australia		
Balance at 1 July	4,259,577	4,431,893
Additions	999,057	2,348
Currency realignment	(587,828)	(174,664)
Balance at 30 June	4,670,806	4,259,577
<u>Coal Concession Rights</u>		
- 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	23,882,950	23,487,100
Currency realignment	(2,933,350)	395,850
Balance at 30 June	20,949,600	23,882,950
- 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	881,112	1,030,271
Currency realignment	(26,836)	(149,159)
Balance at 30 June	854,276	881,112
	21,803,876	24,764,062
Total other intangible assets	26,474,682	29,023,639

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

18 Other Intangible Assets (cont'd)

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

	Group	
	2015 S\$	2014 S\$
<u>Cost</u>		
Balance at 1 July	62,713,621	62,639,246
Additions:		
- Petroleum Retention License	999,057	2,348
Currency alignment	(3,548,014)	72,027
Balance at 30 June	<u>60,164,664</u>	<u>62,713,621</u>
<u>Accumulated impairment loss</u>		
Balance at 1 July and 30 June - Coal Concession Rights	(33,689,982)	(33,689,982)
Balance at 30 June	<u>26,474,682</u>	<u>29,023,639</u>

Coal Concession Rights

The Coal Concession Rights, included in the Group's consolidated statement of financial position, at a carrying amount of approximately S\$21.8 million (2014: S\$24.8 million) with a corresponding deferred tax liability of approximately S\$6.3 million (2014: S\$7.2 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 informed the Group that another party is also registered as the legal owners of PT BSS. In 2009, the Group 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 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 were 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. In February 2015, APAC appointed an attorney to pursue the Company's claim against the Government of the Republic of Indonesia via arbitration of the International Centre for Settlement of Investment Dispute ("ICSID"). In March 2015, a request to resolve the investment dispute through consultations and negotiations was sent to the Government of the Republic of Indonesia by the attorney. As at the date of authorisation of these financial statements, the Government of the Republic of Indonesia has not responded to the request.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

18 Other Intangible Assets (cont'd)

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 8.9km² investigation area with an indicated resource aggregating approximately 6.79 million tonnes of coal, and the remaining exploration potential of the coal concession comprising 222km². The independent valuer had applied the In-situ Method of valuing the mineral resources associated with the 8.9 km² investigation area and the Comparable Transaction Method to value the remaining exploration potential comprising 222km² 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 the 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 2015. Accordingly, the investment has been included in the Group's consolidated statement of financial position at its carrying amount as disclosed in this note.

19 Other Financial Assets

	Group		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
<u>Available-for-sale financial assets</u>				
Quoted equity shares, at fair value	2,786,123	4,791,110	321	20,192
<u>Financial assets held for trading</u>				
Quoted warrants, at fair value	1,168	7,408	1,168	5,844
Total other non-current financial assets	<u>2,787,291</u>	<u>4,798,518</u>	<u>1,489</u>	<u>26,036</u>

During the financial year, the Group recognised an impairment loss of S\$985,475 (2014: S\$178,556) against certain available-for-sale financial assets as a result of a significant decline in the fair value of these available-for-sale financial assets.

In the previous financial year ended 30 June 2014, the Company entered into two share lending agreements (the "Share Lending Agreements") with a third party individual (the "Borrower") whereby the Company agreed to lend certain of its investment in quoted equity shares (the "Loaned Shares"), classified above as available-for-sale financial assets, to the Borrower. The Loaned Shares had a fair value of S\$23.3 million on the date of transfer and incurred interest of 6% per annum. The Lending Agreements were to mature not later than 12 months from the date of the agreements and are collateralised by a pledge of the Borrower's investment in other quoted equity shares (the "Pledged Shares").

Pursuant to the terms of the Share Lending Agreements, notwithstanding the legal titles of the Loaned Shares had been passed from the Company/Antig to the respective Borrowers on transfer of the Loaned Shares, the Company/Antig retained substantially all the risks and rewards of ownership of the Loaned Shares, and accordingly, the Group continued to account for the Loaned Shares as its available-for-sale financial assets prior to the settlement arrangements as further described below.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2015

22 Related Parties Balances

The amounts due from/(to) related parties (refer to Note 36 for the definition of related parties) comprised:

	Group (Restated)		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Due from:				
- Subsidiaries* (non-trade)	-	-	5,915,364	4,432,086
- Joint venture entities (trade)	46,494	74,838	-	-
- Joint venture entities (non-trade)	228,112	327,564	-	-
- Related party (non-trade)	-	18,766	-	-
	<u>274,606</u>	<u>421,168</u>	<u>5,915,364</u>	<u>4,432,086</u>

* Includes an amount due from APAC Coal Limited ("APAC") of approximately S\$1,054,000 (2014: S\$646,000).

	Group (Restated)		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Due (to):				
- Subsidiaries** (non-trade)	-	-	(2,021,113)	(2,468,282)
- Joint venture entities (trade)	(989)	(528,800)	-	-
- Joint venture entities (non-trade)	-	(37,473)	-	-
	<u>(989)</u>	<u>(566,273)</u>	<u>(2,021,113)</u>	<u>(2,468,282)</u>

** Includes a term loan amount due to APAC of A\$1.9 million (2014: A\$2.1 million) (approximately S\$2.0 million) (2014: approximately S\$2.5 million) which is secured by a charge of all monies which are acceptable to the Lender with a combined value of not less than A\$1.5 million (2014: A\$2.1 million), carries a 7% (2014: 7%) 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.

23 Cash and Bank Deposits

	Group (Restated)		Company	
	2015 S\$	2014 S\$	2015 S\$	2014 S\$
Cash and bank balances	<u>10,094,135</u>	<u>4,077,669</u>	<u>2,219,569</u>	<u>25,177</u>