



**APAC COAL**

**APAC COAL LIMITED**

A.C.N. 126 296 295

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**Half-Year Financial Report  
31 December 2016**

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# Half-Year Financial Report

## 31 December 2016

	<b>Page</b>
<b>Corporate Directory</b>	<b>1</b>
<b>Directors' Report</b>	<b>2</b>
<b>Auditor's Independence Declaration</b>	<b>4</b>
<b>Independent Auditor's Review Report</b>	<b>5</b>
<b>Directors' Declaration</b>	<b>7</b>
<b>Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>8</b>
<b>Condensed Consolidated Statement of Financial Position</b>	<b>9</b>
<b>Condensed Consolidated Statement of Changes in Equity</b>	<b>10</b>
<b>Condensed Consolidated Statement of Cash Flows</b>	<b>10</b>
<b>Notes to the Condensed Financial Statements</b>	<b>11</b>

**Directors**

Kuan Yew Lim (Chairman and Non-Executive Director)

Khee Yong Luke Ho (Executive Director)

Michael Pixley (Non-Executive Director)

Boon Ban Quah (Non-Executive Director)

**Company Secretary**

Brett Crowley

**Registered Office**

Suite 904, 37 Bligh St,  
Sydney NSW 2000, Australia.

**Principal Place of Business**

c/- Magnus Energy Group Ltd.  
76 Playfair Road,  
#02-02 LHK2 Building,  
Singapore 367996.

**Auditor**

Moore Stephens

Level 15, Exchange Tower, 2 The Esplanade

Perth WA, 6000

**Advanced Share Registry**

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**ASX Code** AAL

**Website** [www.apaccoal.com](http://www.apaccoal.com)

## Directors' Report

The directors of APAC Coal Limited (the "Company") submit herewith the financial report of the Company and its subsidiaries (the "Group") for the half-year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the directors' report is as follows:

The names of the directors of the company during or since the end of the half-year are:

Mr. Kuan Yew Lim  
Mr. Khee Yong Luke Ho  
Mr. Michael Pixley  
Mr. Boon Ban Quah

## Review of Operations

### Exploration and Development of Coal Mining Activities

As announced on 26 June 2013, APAC Coal Limited ("APAC") and majority shareholder Magnus Energy Group Ltd. ("Magnus"), Magnus wholly owned subsidiary Antig Investments Pte Ltd and APAC (collectively referred to as "Group") has issued a Notice of Intent to Resolve Investment dispute through Consultations and Negotiations to the Government of the Republic of Indonesia. The purpose of this action is to seek recourse under the Agreements between the Government of the Republic of Singapore and the Government of the Republic of Indonesia, and between the Government of Australia and the Government of the Republic of Indonesia on the Promotion and Protection of Investments.

As announced on 10 February 2015, APAC has sent the Request to Resolve the Investment Dispute Through Consultations and Negotiations ("Request") to the Republic of Indonesia. The Request has received the due attention and our appointed legal advisor A. Setiadi Attorneys-at-Law has met with several governmental agencies. As at the date of this report, no conclusion has been made in relation to the dispute.

On 30 June 2016, APAC has entered into a share purchase agreement to acquire 100% of the shares in Goyes Agri-Food Investment Limited from Sharp Year Ventures Limited (the "Proposed Acquisition"). The consideration for the Proposed Acquisition shall be subject to the approval of the shareholders. The Proposed Acquisition presents an excellent opportunity for APAC to enhance its market value.

The Group has decided to halt the filing of Request for Arbitration against the government of Republic of Indonesia via arbitration at the International Centre for Settlement of Investment Disputes until the completion of the Proposed Acquisition.

The above developments may have a material impact and APAC will make further announcements as and when there are material developments in relation to the aforesaid matters.

**Auditor's Independence declaration**

The Auditor's Independence declaration under s 307C of the *Corporations Act 2001* is included on page 4 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Khee Yong Luke Ho', with a large loop at the end.

Khee Yong Luke Ho

Director

Signed at Perth, 15<sup>th</sup> day of February 2017

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2 The Esplanade, Perth, WA 6000  
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## **AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF APAC COAL LIMITED**

As lead auditor for the review of APAC Coal Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



**Wen-Shien Chai**  
**Partner**



**Moore Stephens**  
**Chartered Accountants**

Signed at Perth, 15<sup>th</sup> day of February 2017

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2 The Esplanade, Perth, WA 6000  
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## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF APAC COAL LIMITED AND ITS CONTROLLED ENTITIES**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of APAC Coal Limited which comprises the consolidated condensed statement of financial position as at 31 December 2016, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of APAC Coal Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of APAC Coal Limited's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of APAC Coal Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act, which has been given to the directors of APAC Coal Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

## *Conclusion*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of APAC Coal Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

**Wen-Shien Chai**  
Partner

**Moore Stephens**  
Chartered Accountants

Signed at Perth, 15<sup>th</sup> day of February 2017



## Directors' declaration

In the directors' opinion:

The financial statements and notes, as set out on pages 8 to 13, are in accordance with the Corporations Act 2001, including:

- a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
- b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'Khee Yong Luke Ho', written in a cursive style.

Khee Yong Luke Ho  
Director

Signed at Perth, 15<sup>th</sup> day of February 2017

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half Year ended 31 December 2016

	Note	Consolidated	
		31.12.2016 A\$	31.12.2015 A\$
<b>Continuing operations</b>			
Revenue		-	28,131
Administration expenses		(110,481)	(49,958)
Finance costs		-	(65)
Personnel expenses		(55,000)	(50,000)
Foreign exchange loss		(3,634)	(19,014)
Professional fees		(105,250)	(19,490)
Management fees		(99,600)	(99,600)
		(373,965)	(209,996)
Loss before tax		(373,965)	(209,996)
Income tax expense		-	-
<b>Loss from continuing operations</b>		<b>(373,965)</b>	<b>(209,996)</b>
<b>Discontinued operations</b>			
<b>Loss from discontinued operations, after tax</b>		(36,286)	(54,496)
<b>Total loss for the period</b>	3	<b>(410,251)</b>	<b>(264,492)</b>
<b>Other comprehensive income for this period</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences arising on translation of foreign operations		-	40,813
Other comprehensive income for the period (net of tax)		-	40,813
<b>Total comprehensive loss for the period</b>		<b>(410,251)</b>	<b>(223,679)</b>
Loss attributable to:			
Members of the parent entity		(410,251)	(264,492)
Total comprehensive income attributable to:			
Members of the parent entity		(410,251)	(223,679)
<b>Loss per share</b>			
Basic and diluted loss from discontinued operations (cents per share)		(0.01)	(0.02)
Basic and diluted loss from continuing operations (cents per share)		(0.15)	(0.08)
<b>Total loss per share for the period</b>		<b>(0.16)</b>	<b>(0.1)</b>

Notes to the condensed consolidated financial statements are included on pages 11 to 13

**Condensed Consolidated Statement of Financial Position**  
**as at 31 December 2016**

	Note	Consolidated	
		31.12.2016 A\$	30.06.2016 A\$
<b>Current assets</b>			
Cash and cash equivalents		18,272	31,042
Other receivables		2,276	80,482
Assets held for sale		1	1
<b>Total current assets</b>		<b>20,549</b>	<b>111,525</b>
<b>Total assets</b>		<b>20,549</b>	<b>111,525</b>
<b>Current liabilities</b>			
Other payables		251,549	31,274
Borrowings	5	99,000	-
<b>Total current liabilities</b>		<b>350,549</b>	<b>31,274</b>
<b>Net (liabilities)/assets</b>		<b>(330,000)</b>	<b>80,251</b>
<b>Equity</b>			
Issued capital	4	6,394,067	6,394,067
Accumulated losses		(6,724,067)	(6,313,816)
<b>Total equity</b>		<b>(330,000)</b>	<b>80,251</b>

Notes to the condensed consolidated financial statements are included on pages 11 to 13

## Condensed Consolidated Statement of Changes in Equity for the Half-Year ended 31 December 2016

	Issued capital	Foreign currency translation reserves	Accumulated losses	Total equity
	A\$	A\$	A\$	A\$
<b>Balance at 1 July 2015</b>	6,394,067	369,485	(5,105,976)	1,657,576
Net loss for the period	-	-	(264,492)	(264,492)
Exchange differences	-	40,813	-	40,813
Total comprehensive income/(loss) for the period	-	40,813	(264,492)	(223,679)
<b>Balance at 31 December 2015</b>	6,394,067	410,298	(5,370,468)	1,433,897
<b>Balance at 1 July 2016</b>	6,394,067	-	(6,313,816)	80,251
Net loss for the period	-	-	(410,251)	(410,251)
Total comprehensive loss for the period	-	-	(410,251)	(410,251)
<b>Balance at 31 December 2016</b>	6,394,067	-	(6,724,067)	(330,000)

## Condensed Consolidated Statement of Cash Flows for the Half-Year ended 31 December 2016

	Note	Consolidated 31.12.2016 A\$	31.12.2015 A\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(428,058)	(322,038)
Interest and other costs of finance paid		(278)	(74)
Net cash used in operating activities		(428,336)	(322,112)
<b>Cash flows from investing activities</b>			
Interest received		-	49
Repayments from parent entity		80,000	258,814
Net cash generated from investing activities		80,000	258,863
<b>Cash flows from financing activities</b>			
Loans from parent entity		236,566	-
Proceed from borrowings		99,000	-
Net cash generated from financing activities		335,566	-
Net decrease in cash and cash equivalents		(12,770)	(63,249)
Cash and cash equivalents at the beginning of the period		31,042	66,403
<b>Cash and cash equivalents at the end of the period</b>		18,272	3,154

Notes to the condensed consolidated financial statements are included on pages 11 to 13

## Notes to the Condensed Financial Statements

### 1. Significant accounting policies

#### Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

#### Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2016 annual financial report for the financial year ended 30 June 2016, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current reporting period.

#### New and revised accounting requirements applicable to the current interim period

The Group has considered the implications of the new or amended Accounting Standards applicable to the Group for the first time in the current half-year reporting period 1 July 2016 to 31 December 2016 but determined that their application to the financial statements is either not relevant or not material.

## 2. Segment Information

The Consolidated Entity operates in one operating segment and one geographical segment, being mineral exploration in Indonesia. This is the basis on which internal reports are provided to the directors for assessing performance and determining the allocation of resources within the Group.

## 3. Results for the period

The following expense items are relevant in explaining the financial performance for the interim period:

	<b>Jul-Dec 2016 A\$</b>	<b>Jul-Dec 2015 A\$</b>
Foreign exchange loss	3,634	19,014
Personnel costs	55,000	50,000
Professional and legal fees	105,250	19,490
Related party transactions – Management fees	99,600	99,600
Travelling expenses	68,517	13,546

## 4. Issuances, repurchases and repayments of equity securities

Issued capital as at 31 December 2016 amounted to A\$6,394,067 (249,705,637 ordinary shares). There were no movements in the issued capital of the Group in either the current or the prior interim reporting periods.

## 5. Borrowings

As at 31 December 2016, the Group had a borrowing of A\$99,000 in the form of an unsecured convertible note which bears interest at a fixed rate of 5% per annum. The amount outstanding under the facility may be converted to fully paid ordinary shares of the Company, subject to shareholder approval, at an issue price of A\$0.003 per share (on a pre-consolidation basis). In the event that all or part of the borrowing is not converted into shares, the outstanding amount plus interest must be repaid to the lender three months after the shareholders' meeting held to approve the acquisition of Goyes Agri-Food Investment Limited.

The Group did not have any loans or borrowings as at 31 December 2015.

## 6. Contingent liabilities and commitments

At the last annual reporting date, the Group did not have any contingent liabilities. There has been no material change in contingent liabilities of the Group during the half year.

The Group has no capital or expenditure commitments as at the end of the reporting period.

## 7. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

## 8. Subsequent events

There were no significant events occurring after the end of the reporting period.

## 9. Dividends

There were no dividends declared or paid during the reporting period.

## 10. Going Concern

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The Ultimate Holding Company, Magnus Energy Group Ltd., has undertaken to provide on-going financial support to ensure the Group remains a going concern.

The financial report therefore does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities which may be necessary should the Company and consolidated entity be unable to continue as going concern.