PREMIERE
EASTERN ENERGY

ABN 58 169 923 095

Premiere Eastern Energy Limited

Appendix 4E
Preliminary Final Report
For the year ended 31 December 2014

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Appendix 4E

Commentary on Full Year Results

The Directors of Premiere Eastern Energy Limited ("Premiere" or "the Company") and its controlled entities ("the Group") hereby present the Company's first Appendix 4E – Preliminary Final Report, following its successful listing on 12 February 2015.

Through this report, the Board seeks to provide an update to its Shareholders and the market on its results achieved for the financial year ended 31 December 2014 ("FY2014"). It should be noted that the Group's financial year runs from January to December each year.

The Group has made a profit after tax of AUD33.3 million for FY2014, which represents an increase of 11.7% when compared to the year ended 31 December 2013 ("FY2013"). As a result of the appreciation of the Chinese Renminbi ("RMB") against AUD, the Company has recorded a foreign exchange gain on translation of foreign operation of AUD13.8 million. The Company has maintained strong cash and cash equivalents balance at AUD133.5 million.

Corporate Results Summary

For FY2014, the Premiere Group, through its main operating China based subsidiaries, has achieved the following:

- Group revenue for the year (excluding other revenue) rose up by 9.2% to AUD926.9 million compared to AUD849.2 million in FY2013; Sale of refined petroleum rose by 14.0% to AUD221.3 million while sale of petrolchemical products rose by 7.7% to AUD705.6 million;

- Group profit margin has maintained at 6.13% for the year, representing a slight improvement from 6.09% in FY2013;

- Group NPBT of AUD44.7 million, representing an increase of 11.3% from AUD40.1 million in FY2013;

- Group NPAT of AUD33.3 million, representing an increase of 11.7% from AUD29.8 million in FY2013;

- Foreign exchange translation gain of AUD13.8 million, arising from the appreciation of RMB against AUD during the year;

- Maintaining strong cash position of AUD133.5 million;

Commentary on Full Year 2014 Results (continued)

The Premiere Group, as one of the leading integrated supply chain manager engaging in the wholesale of refined petroleum and petrolchemcial products within the PRC, has managed to maintain a moderate growth in the current year despite the intense market competition, drop in the international crude oil prices and higher automotive emission standard set out by the PRC government.

About Premiere Eastern Energy Limited

Premiere Eastern Energy Limited (ASX: PEZ) ("the Company") is a leading integrated supply chain manager of petrochemical products in the PRC based in the Guangdong Province, PRC. As an integrated supply chain manager, it engaged in the wholesale distribution of petrochemical products including sourcing, storage, shipping, sales and distribution and after-sales services of petrochemical products in the PRC.

The Group's products can be grouped into 2 major classes of product; namely Refined Petroleum and Other Petrochemicals. Refined Petroleum comprised mainly the various grades of gasoline and diesel oil used mainly by automobiles. The Group's Other Petrochemicals comprised of mixed aromatics, C5 non aromatics, fuel oil, naphtha and MBTE, used mainly for gasoline blending.

The Group procures its supply of Refined Petroleum and Other Petrochemicals mainly from petroleum refineries and their authorised distributors in the resource-rich northern regions of the PRC. It distributes these products to the more economically developed southern coastal cities in the PRC, which has huge demands for fuel and energy and rely on the petroleum resources from the northern PRC regions. The Group also aggregates orders from its customers in order to procure these products from suppliers at more favourable terms through economies of scale.

The Group beneficially owns a petroleum storage facility located in Longkou City, Shandong Province, PRC with a total petroleum storage capacity of 13,500 cubic meters (equivalent to approximately 9,000 tonnes). Beneficial ownership allows the Group to use the facilities at their own discretion and for their own purposes. The strategic location near the Longkou harbor enables it to expediently and economically store Refined Petroleum intermediately for shipment to its customers located in the southern PRC cities.

Premiere Eastern Energy Limited
ABN 58 169 923 095

APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

The following information is given to ASX under listing rule 4.3A.

1. Reporting period

Current Period	12 months ended 31 December 2014
Prior Period	12 months ended 31 December 2013

2. Results for announcement to the market

Consolidated Group	Item		$'000	% Change		$'000
Revenue – excluding interest received	2.1	up	77,766	9.2%	to	926,935
Profit after tax attributable to members	2.2	up	3,493	11.7%	to	33,301
Net Profit attributable to members	2.3	up	3,493	11.7%	to	33,301
Dividend	2.4					

	Amount per security	Amount Franked	Amount Unfranked
Final dividend per share	Nil	Nil	Nil

The record date for determining entitlements to the dividend	2.5	N/A
Date final dividend payable	2.6	N/A
Explanatory information	2.7	For further information refer ***Commentary on Results*** which accompanies this announcement.

<u>Overview</u>

The principal activities of Premiere Eastern Energy Limited and controlled entities ("Group") during the financial year were the wholesale of refined petroleum and petrolchemical products within the PRC.

The Group operates in two product segments, wholesale of refined petroleum and wholesale of petrolchemical products. The Group currently operates in one geographical segment, being the People's Republic of China.

There were no other significant changes in the nature of the consolidated Group's principal activities during the financial year.

This financial report includes the consolidated financial statements and notes to the financial statements of the consolidated Group. Premiere Eastern Energy Limited was incorporated on 4 June 2014 and listed on the Australian Securities Exchange ("ASX") on 12 February 2015. The Company is incorporated and domiciled in Australia.

Premiere Eastern Energy Limited
ABN 58 169 923 095

Overview of results

For the year ended 31 December 2014, sales revenue and net profit after tax rose by $77,766,000 (ie. 9.2% compared to 2013) and $3,493,000 (ie. 11.7% compared to 2013) respectively on a year-on-year basis.

Financial Position

The net assets of the consolidated Group rose by $55,596,000 from $116,739,000 at 31 December 2013 to $172,335,000 at 31 December 2014. Such increase is resulted mainly from the following factors:

- profits after tax attributable to members of $33,301,000;
- increase in foreign exchange reserve by $13,777,000.

The consolidated Group's strong financial position has enabled the Group to maintain a healthy working capital ratio. The Group's working capital has increased from $104,264,000 as at 31 December 2013 to $159,368,000 as at 31 December 2014.

Significant Changes in the State of Affairs

Pursuant to a Share Sale Agreement dated 29 August 2014, Genius Supreme Investment Ltd ("Genius") and its controlled entities, became subsidiaries of the Company.

There have been no other significant changes in the state of affairs of the parent entity during the financial year or prior year.

3. Consolidated Statement of Profit or Loss and Other Comprehensive Income – see accompanying preliminary financial statements

4. Consolidated Statement of Financial Position – see accompanying preliminary financial statements

5. Consolidated Statement of Cashflow – see accompanying preliminary financial statements

6. Dividends Paid or Recommended

The Directors have resolved not to pay any final dividend.

7. Details of any Dividend or distribution reinvestment plans

Please see Point 2.4 above for recommended dividends. The Company does not have any distribution reinvestment plans.

8. Statement of movements in Retained Earnings – see accompanying statement of changes in equity

9. Net tangible assets per security

	31 December 2014
Number of securities	531,428,572
Net tangible assets per security in cents	19.1

10. Changes in controlled entities

Pursuant to a Share Sale Agreement dated 29 August 2014, Genius Supreme Investment Ltd ("Genius") and its controlled entities, became subsidiaries of the Company.

11. Details of associates and joint venture entities

The Company does not have any associates or joint venture entities.

12. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

Refer ***Commentary on Results*** which accompanies this announcement.

13. Foreign entities disclosures

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

14. Additional information

Earnings per Share on continuing operations	**31 December 2014**
Basic earnings per share in cents	6.27
Diluted earnings per share in cents	6.27

After Balance Date Events

Premiere has issued an additional 17,534,500 fully paid ordinary shares at $0.20 each amounting to $3,506,900 upon its listing on the Australian Securities Exchange ("ASX") on 12 February 2015. Other than its listing on the ASX subsequent to the year end, there are no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

15. Compliance Statement

The financial statements are in the process of being audited and are not likely to be subject to dispute or qualification.

Premiere Eastern Energy Limited
ABN 58 169 923 095

Signed in accordance with a resolution of the Board of Directors of Premiere Eastern Energy Limited:

ZHAN Mu Sheng – Chairman
Dated this 27 day of February 2015

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Premiere Eastern Energy Limited
ABN 58 169 923 095

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 31 DECEMBER 2014

	Note	2014 $'000	2013 $'000
Revenue	2	926,935	849,169
Cost of goods sold		(870,121)	(797,462)
Gross profit		56,814	51,707
Other income	2	529	427
Operating expenses		(11,353)	(9,686)
Administrative expenses		(1,307)	(1,508)
Finance costs		(13)	(807)
Listing expenses		-	-
Profit before income tax	3	44,670	40,133
Income tax expense	4	(11,369)	(10,325)
Profit For The Year		**33,301**	**29,808**
Other Comprehensive Income For The Year, Net of Tax			
Items that may be reclassified subsequently to profit or loss			
Exchange gain/(loss) differences arising on the translation of foreign operations		13,777	(8,150)
Total Comprehensive Income For The Year Attributable to Members		**47,078**	**21,658**
Profit for the year attributable to:			
Non-controlling interest		1,021	928
Owner of the Parent		32,280	28,880
Total comprehensive income attributable to:			
Non-controlling interest		1,434	684
Owner of the Parent		45,644	20,974
Earnings per share (on profit attributable to ordinary equity holders)		**Cents**	**Cents**
Basic earnings per share (cents per share)	7	6.27	N/A
Diluted earnings per share (cents per share)	7	6.27	N/A

The accompanying notes form part of these financial statements.

PREMIERE
EASTERN ENERGY

Premiere Eastern Energy Limited
ABN 58 169 923 095

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	2014 $'000	2013 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	133,542	87,408
Trade and other receivables	9	66,097	57,542
Inventories	10	6,051	11,823
Prepayments	11	1,534	1,972
TOTAL CURRENT ASSETS		207,224	158,745
NON-CURRENT ASSETS			
Property, plant and equipment	14	1,663	1,740
Land-use rights	15	11,304	10,735
TOTAL NON-CURRENT ASSETS		12,967	12,475
TOTAL ASSETS		220,191	171,220
CURRENT LIABILITIES			
Trade and other payables	16	36,844	39,531
Convertible notes	17	-	12,906
Non-convertible debt	17	7,633	-
Current tax liabilities	18	3,379	2,044
TOTAL CURRENT LIABILITIES		47,856	54,481
TOTAL LIABILITIES		47,856	54,481
NET ASSETS		**172,335**	**116,739**
EQUITY			
Issued capital	20	8,518	-
Foreign exchange translation reserve	21	5,440	(8,337)
Reserves	21	2,925	2,925
Retained earnings		150,233	117,953
Non-controlling interest	22	5,219	4,198
TOTAL EQUITY		**172,335**	**116,739**

*Share capital assets is AUD 0.16 rounded to zero due to its amount less AUD 1,000 in FY2013.

The accompanying notes form part of these financial statements.

Premiere Eastern Energy Limited
ABN 58 169 923 095

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2014

	Share Capital Ordinary*	Foreign Currency Translation Reserve	Reserves	Retained Earnings	Non-controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2012	-	(187)	2,925	89,073	3,270	95,081
Profit for the year	-	-	-	28,880	928	29,808
Other comprehensive income	-	(8,150)	-	-	-	(8,150)
Balance at 31 December 2013	-	(8,337)	2,925	117,953	4,198	116,739
Profit for the year	-	-	-	32,280	1,021	33,301
Shares issued during the year	8,518	-	-	-	-	8,518
Other comprehensive income	-	13,777	-	-	-	13,777
Balance at 31 December 2014	8,518	5,440	2,925	150,233	5,219	172,335

*Share capital assets is AUD 0.16 rounded to zero due to its amount less AUD 1,000 in FY2013.

The accompanying notes form part of these financial statements.

Premiere Eastern Energy Limited
ABN 58 169 923 095

CONSOLIDATED STATEMENT OF CASH FLOW
FOR YEAR ENDED 31 DECEMBER 2014

	Note	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		918,214	837,937
Payments to suppliers and employees		(874,687)	(800,624)
Interest received		529	368
Finance costs		(13)	(33)
Income tax paid		(10,034)	(10,736)
Sales and other taxes		(1,195)	(5,154)
Net cash provided by operating activities	25	32,814	21,758
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	586
Proceeds/(Payments) from/(to) related parties		-	(302)
Payment made to related parties for the acquisition of additional interest in the subsidiary		-	(1,774)
Net cash provided by (used in) investing activities		-	(1,490)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(Payments) from/(to) non-related parties		166	(21)
Payments to related parties		(7)	-
Net cash used in financing activities		159	(21)
Net change in cash and cash equivalents held		32,973	20,247
Cash and cash equivalents at beginning of financial year	8	87,408	53,897
Effect of exchange rates on cash holdings in foreign currencies		13,161	13,264
Cash and cash equivalents at end of financial year	**8**	**133,542**	**87,408**

The accompanying notes form part of these financial statements.

Premiere Eastern Energy Limited
ABN 58 169 923 095

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Premiere Eastern Energy Limited and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Premiere Eastern Energy Limited as an individual parent entity ('Parent Entity' and 'Company'). Premiere Eastern Energy Limited listed on the Australian Securities Exchange ("ASX") on 12 February 2015 and is a company incorporated and domiciled in Australia.

The principal activities of the Group include the wholesale of refined petroleum and petrolchemical products. Premiere Eastern Energy Limited was incorporated on 4 June 2014.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards ("IFRS"). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

There are new accounting standards and IFRIC interpretations that have been published that are not mandatory for current reporting periods. The Group's assessment of the impact of these new standards and interpretations is that there would be no material impact on the historical or reported pro-forma financial information.

a. Principles of Consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2014. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Business Combination
Premiere and Genius Supreme Investments Limited are owned and controlled by the same shareholder (before and after the business combination) therefore the business combination represents a common control transaction.

Business combination involving entities under common control is scoped out under AASB 3: Business Combination. AASB provides no guidance on the accounting for these types of transactions; however requires an entity to develop an accounting policy. The two most common methods utilised are the purchase method and the pooling of interest-type method (predecessor values method). A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party, both before and after the business combination, and control is not transitory.

Management has determined the pooling of interest-type method to be most appropriate. The pooling of interest-type method requires the financial statements to be prepared using the predecessor book values without any step up to fair value. The difference between any consideration given and the aggregate book value of the assets and liabilities of the acquired entity are recorded as an adjustment to equity. This may be recorded in retained earnings/reserve and no additional goodwill is created by the transaction. The comparatives have been presented as if the transaction took place at the beginning of the earliest comparative period.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

b. **Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Deferred tax assets and liabilities are 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 enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. **Inventories**

Inventories are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less estimated costs of completion and costs necessary for market sale.

d. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation
The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office equipment	10%
Buildings	3%
Motor vehicles	12.5%
Oil depot equipment	12.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. **Financial Instruments**
Recognition and Initial Measurement
Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. *Financial Liabilities*
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

f. **Impairment of Assets**
At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. **Land-use rights**

Land use rights have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

Amortisation of land-use rights is calculated using the straight line method to allocate the cost of land use-rights over their estimated useful lives, which vary from 42 to 54 years.

The carrying amount of land-use rights is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

h. **Foreign Currency Transactions and Balances**
Functional and presentation currency
The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Transaction and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.
Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.
Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the income statement.

Group companies
The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

— assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
— income and expenses are translated at average exchange rates for the period; and
— retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

i. **Employee Benefits**
Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

j. **Provisions**
Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

k. **Cash and Cash Equivalents**
Cash and cash equivalents include cash on hand and deposits held at call with banks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

l. **Revenue and Other Income**

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods. Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST) or value added tax (VAT).

m. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

n. **Goods and Services Tax (GST) and Value Added Tax (VAT)**

Revenues, expenses and assets are recognised net of the amount of GST and VAT, except where the amount of GST or VAT incurred is not recoverable from the Tax Office. In these circumstances the GST and VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST and VAT.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST and VAT component of investing and financing activities, which are disclosed as operating cash flows.

o. **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid according to term.

p. **Earnings per share**

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjust the figures used to determine basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

q. **Comparative Figures**
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

r. **Critical Accounting Estimates and Judgments**
The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates — Impairment

s. **New and revised standards that are effective for these financial statements**
A number of new and revised standards and an interpretation became effective for the first time to annual periods beginning on or after 1 January 2014. Information on these new standards is presented below.

AASB 2011-4 ***Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements***

The Standard amends AASB 124 *Related Party Disclosures* to remove the individual Key Management Personnel ('KMP') disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards.

In mid-2013, the Australian government passed *Corporations and Related Legislation Amendment Regulation 2013 (No.1)* and *Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No. 1)* to insert these disclosures, with minor changes, into Corporations Regulations 2001. These disclosures are required to be included in remuneration reports for financial years commencing on or after 1 July 2013.

As a result of these amendments, the Group has transferred certain individual Key Management Personnel disclosures relating to shareholdings, options / rights holdings, loans and other transactions from the notes to the financial statements to the remuneration report.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014.

The adoption of these amendments has not had a material impact on the Group as the amendments merely clarify the existing requirements in AASB 132.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 *Fair Value Measurement*, the IASB decided to amend IAS 36 *Impairment of Assets* to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

AASB 2013-3 makes the equivalent amendments to AASB 136 *Impairment of Assets* and is applicable to annual reporting periods beginning on or after 1 January 2014.

The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities*

The amendments in AASB 2013-5 provide an exception to consolidation to investment entities and require them to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 *Financial Instruments* (or AASB 139 *Financial Instruments: Recognition and Measurement* where AASB 9 has not yet been adopted). The amendments also introduce new disclosure requirements for investment entities that have subsidiaries.

These amendments apply to investment entities, whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Examples of entities which might qualify as investment entities would include Australian superannuation entities, listed investment companies, pooled investment trusts and Federal, State and Territory fund management authorities.

AASB 2013-5 is applicable to annual reporting periods beginning on or after 1 January 2014.

This Standard has not had any impact on the Group as it does not meet the definition of an 'investment entity' in order to apply this consolidation exception.

The adoption of this interpretation has not had any impact on the Group as it is not subject to any such levies addressed by the interpretation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

AASB Interpretation 21 *Levies*

Interpretation 21 addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements (in particular, when the entity should recognise a liability to pay a levy).

Interpretation 21 is an interpretation of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. AASB 137 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. For example, if the activity that triggers the payment of the levy is the generation of revenue in the current period, and the calculation of that levy is based on the revenue that was generated in a previous period, the obligating event for that levy is the generation of revenue in the current period. The generation of revenue in the previous period is necessary, but not sufficient, to create a present obligation.

The Interpretation is applicable to annual reporting periods beginning on or after 1 January 2014.

The adoption of this interpretation has not had any impact on the Group as it is not subject to any such levies addressed by the interpretation.

The preliminary financial report was authorised for issue on 27 February 2015 by the board of directors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 2: REVENUE

	Note	2014 $'000	2013 $'000
Sales revenue			
— Sale of goods		926,935	849,169
Other income			
— Bank Interest received		529	427
		927,464	849,596

NOTE 3: PROFIT FOR THE YEAR

Expenses	Note	2014 $'000	2013 $'000
Finance costs:			
—Interest expense		-	796
—Bank charges		13	11
Total finance costs		13	807
Employee wages and benefits		956	682
Included in administrative expenses are:			
—Depreciation and amortisation		477	439
—Audit fees	5	115	65
—(Gain)/loss on the disposal of property, plant and equipment		-	(59)

NOTE 4: INCOME TAX EXPENSE

a. The components of tax expense comprise:	Note	2014 $'000	2013 $'000
Current tax		11,369	10,325
Deferred tax		-	-
Current tax expense/(benefit)		11,369	10,325

The Australian assessable earning will be taxed at 30% (2013 30%). The Chinese assessable earnings will be taxed at 25%.

NOTE 4: INCOME TAX EXPENSE (CONTINUED)

	2014 $	2013 $
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Profit before income tax	44,670	40,133
Prima facie tax payable on profit from ordinary activities before income tax at China tax rates of 25%		
—consolidated group	11,167	10,033
—parent entity	-	-
Add:		
Adjustments of entities not taxed at 25%	202	292
Income tax attributable to entity	11,369	10,325
The applicable weighted average effective tax rates are as follows:	25%	25%

NOTE 5: AUDITORS' REMUNERATION

	2014 $'000	2013 $'000
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report	115	65
- investigating accountant's report	45	-
- tax report	5	-
	165	65

NOTE 6: DIVIDENDS

The Directors have resolved not to declare any final dividend.

NOTE 7: EARNINGS PER SHARE

	2014 $'000	2013 $'000
a. Reconciliation of earnings to profit or loss		
Profit used to calculate basic EPS and dilutive EPS	33,301	N/A
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS and dilutive EPS	531,428,572	N/A

NOTE 8: CASH AND CASH EQUIVALENTS

	2014 $'000	2013 $'000
Cash at bank and in hand	133,542	87,408
	133,542	87,408

NOTE 9: TRADE AND OTHER RECEIVABLES

CURRENT	Note	2014 $'000	2013 $'000
Trade receivables	9a	66,237	57,516
Other receivables		(140)	25
		66,097	57,541

a. Trade receivables past due but not impaired:

Current trade receivables are non-interest bearing and generally on 30 day terms. As of 31 December 2014, trade receivables of $14,278,000 (2013: $2,547,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2014 $'000	2013 $'000
31-60 days	5,900	1,802
61-90 days	1,552	306
90-180 days	6,826	439
Total	14,278	2,547

The other balances within trade receivables are not past due and do not contained impaired assets. Based on the credit history of these receivables, it is expected that these amounts will be received when due.

NOTE 10: INVENTORIES

CURRENT	2014 $'000	2013 $'000
Inventory at cost	6,051	11,823
Provision for obsolete stock	-	-
Net inventory	6,051	11,823

Inventories are valued at the lower of cost and net realisable value. Inventory includes various forms of refined petrol and petrol chemical items held for sale. Inventory has been determined to be valued at the lower of cost and net realisable value at balance date. There has been no provision for obsolete stock raised in the current or previous financial period.

NOTE 11: PREPAYMENTS

CURRENT	2014 $'000	2013 $'000
Prepayments	1,534	1,972
Total prepayments	1,534	1,972

Prepayments represent advances/security deposits to suppliers for inventory purchases.

NOTE 12: CONTROLLED ENTITIES

a. Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)[1]	
		2014	2013
		%	%
Ultimate Holding Company			
Premiere Eastern Energy Limited ("Premiere Australia")	Australia		
Subsidiary of Premiere Eastern Energy Limited:			
Genius Supreme Investments Limited ("Genius")	Hong Kong	100	100
Subsidiaries of Genius Supreme Investments Limited			
Yangjiang Yuanda Petrolchemical Co., Ltd ("Yangjiang Yuanda")	People's Republic of China	97	97
Subsidiary of Yangjiang Yuanda Petrolchemical Co. Ltd			
Yangjiang Yuanda Information Consultancy Co., Ltd ("Yuanda Information")	People's Republic of China	100	100
Subsidiary of Yangjiang Yuanda Information Consultancy Co., Ltd			
Zhanjiang Industrial Production Materials Co., Ltd ("Zhanjiang Industrial")	People's Republic of China	91.52 (2)	91.52 (2)

(1) Percentage of voting power is in proportion to ownership.

(2) Pursuant to the share transfer agreement dated 12 August 2011, all rights and obligations are assumed by Yuanda Information. Therefore 100% of all risks and rewards are attributable to Yuanda Information.

NOTE 13: BUSINESS COMBINATION

The consolidated statement of financial position has been prepared on the basis that Premiere Australia has acquired Premiere Singapore's assets and liabilities as noted below. The consolidated statement of financial position has then been adjusted to reflect transactions in the agreement dated 29 August 2014.

NOTE 13: BUSINESS COMBINATION (CONTINUED)

Through this transaction effective control of Genius passed to the shareholders of Premiere Australia. The transaction is one referred to in AASB 3 Business Combinations as a reverse acquisition, where following the reconstruction Premiere Australia took control of Genius with no change in underlying control.

As Premiere Australia was incorporated specifically for the purpose of this transaction and the subsequent equity raising, the fair value of the equity instruments issued has been estimated by reference to the value of historical (Genius's) net assets.

The following has been extracted from the audited financial information of Premiere Singapore as at 30 June 2014.

	30 June 2014 $'000
The assets and liabilities of Premiere Singapore as at 30 June 2014 were:	
Cash and cash equivalents	99,023
Trade and other receivables	47,352
Inventories	5,580
Prepayments	1,015
Property, plant and equipment	1,530
Land-use rights	9,890
Trade and other payables	(27,631)
Convertible notes	(13,570)
Current tax liabilities	(2,452)
Total net assets acquired	**120,737**
Accounted for as:	
Issued capital*	-
Foreign exchange translation reserve	7,964
Reserves	2,525
Retained earnings	106,217
Non-controlling interest	4,031
	120,737

* Amount of capital paid was SGD$1. Amount has been translated from SGD$ to AUD$ at an exchange rate AUD$1: SGD$1.1253.

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Office Equipment and Motor Vehicle $'000	Oil Depot Buildings $'000	Oil Depot Equipment $'000	Consolidated Group $'000
Cost				
At 1 January 2014	329	949	1,350	2,628
Exchange differences	26	9	109	144
At 31 December 2014	**355**	**958**	**1,459**	**2,772**
Accumulated Depreciation				
At 1 January 2014	(241)	(89)	(494)	(824)
Exchange differences	(21)	(11)	(56)	(88)
Depreciation for the year	(12)	(28)	(157)	(197)
At 31 December 2014	**(274)**	**(128)**	**(707)**	**(1,109)**
Cost				
At 1 January 2013	272	733	1,118	2,123
Exchange differences	57	216	168	441
At 31 December 2013	**329**	**949**	**1,286**	**2,564**
Accumulated Depreciation				
At 1 January 2013	(189)	(48)	(265)	(502)
Exchange differences	(41)	(15)	(83)	(139)
Depreciation expense	(11)	(26)	(146)	(183)
At 31 December 2013	**(241)**	**(89)**	**(494)**	**(824)**
Net book value				
At 31 December 2014	**81**	**830**	**752**	**1,663**
At 31 December 2013	**88**	**860**	**792**	**1,740**

NOTE 15: LAND-USE RIGHTS

	2014 $'000	2013 $'000
Cost	12,524	11,587
Accumulated Amortisation	(1,220)	(852)
Total Land-use Rights	11,304	10,735

Movement in the carrying amounts for land use right between the beginning and the end of the current financial year:

	$'000
Balance at 1 January 2013	9,489
Exchange differences	2,115
Disposal	(613)
Amortisation expense	(256)
Balance at 31 December 2013	10,735
Exchange differences	849
Amortisation expense	(280)
Balance at 31 December 2014	11,304

Land-use rights refer to the following:

Location	Use of property	Land area (sq.metres)	Tenure
Land Registration - Long Kou State Land (2004) Serial Number #20042100083, Dangerous Goods Terminal, Long Kou Port, City of Long Kou, Shandong Province, People's Republic of China.	Production Plant	37,714	37 years (valid until 3/11/2052)

NOTE 16: TRADE AND OTHER PAYABLES

	2014 $'000	2013 $'000
CURRENT		
Trade payables	26,715	29,605
Revenue received in advance	2,231	1,437
Other tax payable	613	(889)
Convertible note interest	1,562	4,341
Salary payable	601	405
Accrued expenses	95	53
Other payables	5,027	4,579
	36,844	39,531

NOTE 17: CONVERTIBLE NOTES AND NON-CONVERTIBLE DEBT

	2014 $'000	2013 $'000
Convertible notes	-	12,906
Non-convertible debt	7,633	-
	7,633	12,906

Convertible note balances have been transferred from Premiere Singapore to Premiere Australia and remaining unconverted balances have been novated to a non-convertible debt instrument in Premiere Australia.

NOTE 18: CURRENT TAX LIABILITIES

	2014 $'000	2013 $'000
CURRENT		
Income Tax	3,379	2,044

Income tax payable represents current income tax obligations to the Chinese taxation authorities at 31 December 2014.

NOTE 19: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2014, the Group is not aware of any other contingent assets or liabilities that should be disclosed in accordance with AASB 137.

NOTE 20: ISSUED CAPITAL

	Number of shares issued	$'000
Ordinary shares		
Shares on issue at 4 June 2014 (Incorporation)	1	-
Shares issued for the acquisition of Genius	749,966,929	-
Conversion of convertible notes by bondholders	137,129,844	5,937
Conversion of interest accrued on convertible notes	12,903,226	2,581
At the end of reporting period	900,000,000	8,518

Ordinary shares participate in dividends in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

The management's objectives when managing capital are to ensure that the group can fund its operations and continue as a going concern and to provide shareholders with adequate returns.

The management monitors capital on the basis of debt to equity ratio. This ratio is calculated as net liabilities divided by equity. Net liabilities is "Total liabilities" as shown on the consolidated balance sheet less cash and cash equivalent and equity is "equity" as shown on the consolidated balance sheet.

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year, which is to maintain a good debt to equity ratio. The debt-equity ratios as at 31 December 2014 and 31 December 2013 are as follows:

	2014 $'000	2013 $'000
Total liabilities	47,856	54,481
Less: cash and cash equivalents	(133,542)	(87,408)
Net liabilities/(net cash)	(85,686)	(32,927)
Total equity	172,335	116,739
(Net cash) to equity ratio	(49.7%)	(28.2%)

NOTE 21: RESERVES

Foreign Currency Translation Reserve
The foreign currency translation reserve represents exchange differences arising from translation of the subsidiaries' functional currency (Chinese Renminbi and Hong Kong Dollars) into presentational currency of the Group (Australian Dollars).

Statutory Reserve
Pursuant to the current People's Republic of China Company Law, the Company is required to transfer between 5% to 10% of its profit after taxation to a statutory reserve until the surplus reserve balance reaches a minimal of 50% of the registered capital. For the purposes of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the People's Republic of China accounting standards. The transfer to this reserve must be made before the distribution of dividends to the shareholders.

Capital Reserve
The capital reserve is for long-term capital investment projects or any other large and anticipated expense(s) that will be incurred in the future.

NOTE 22: NON-CONTROLLING INTEREST

	2014 $'000	2013 $'000
Non-controlling interest	5,219	4,198
	5,219	4,198

NOTE 23: COMMITMENTS

Capital Commitment
No capital commitments existed as at 31 December 2014.

Operating Commitment
Non-cancellable operating leases contracted for but not capitalised in the financial statements as at 31 December 2014 are as follows:

	2014 $'000	2013 $'000
Payable – minimum lease payments		
- not later than 12 months	28	34
- between 12 months and five years	95	123
- greater than 5 years	-	-
	123	157

NOTE 24: OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment; and

- the type or class of customer for the products or services.

Types of products and services by segment

Segments as determined by the Directors and Management are as follows:

- Wholesale of refined petrol

- Wholesale of petrolchemical

The Group operates predominately in one geographical segment, being the People's Republic of China.

Basis of accounting for purposes of reporting by operating segments:

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

Inter-segment loans payables and receivables are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, there are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings

NOTE 24: OPERATING SEGMENTS (CONTINUED)

Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- income tax expense;

- current tax liabilities;

- and other financial liabilities.

SEGMENT INFORMATION PROVIDED TO EXECUTIVE DIRECTORS:

2014	Refined petroleum $'000	Petrolchemical $'000	Total $'000
Segment revenues	221,321	705,614	926,935
Segment cost of sales	(211,902)	(658,219)	(870,121)
Segment other expenses	(2,716)	(9,151)	(11,867)
Segment results (Profit after tax)	6,703	38,244	44,947
Other income	139	389	528
Net financing costs	-	-	-
Unallocated expense net of unallocated revenue			(805)
Profit before tax	6,842	38,633	44,670
Income tax expense	(1,710)	(9,659)	(11,369)
Net profit after tax	5,132	28,974	33,301
Segment assets	138,507	75,510	214,017
Total corporate and unallocated assets			6,174
Total consolidated assets			**220,191**
Segment liabilities	31,473	7,198	38,671
Total corporate and unallocated liabilities			9,185
Total consolidated liabilities			**47,856**

NOTE 24: OPERATING SEGMENTS (CONTINUED)

	Refined petroleum $'000	Petrolchemical $'000	Total $'000
2013			
Segment revenues	194,208	654,961	849,169
Segment cost of sales	(184,002)	(613,460)	(797,462)
Segment other expenses	(2,154)	(8,312)	(10,466)
Segment results (Profit after tax)	8,052	33,189	41,241
Other income	137	290	427
Net financing costs			(796)
Unallocated expense net of unallocated revenue			(739)
Profit before tax	8,189	33,479	40,133
Income tax expense	(1,427)	(8,898)	(10,325)
Net profit after tax	6,762	24,581	29,808
Segment assets	103,601	61,746	165,347
Total corporate and unallocated assets			5,873
Total consolidated assets			171,220
Segment liabilities	34,192	3,166	37,358
Total corporate and unallocated liabilities			17,123
Total consolidated liabilities			54,481

NOTE 25: CASH FLOW INFORMATION

	2014 $'000	2013 $'000
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	33,301	29,808
Non-cash flows in profit		
Amortisation	280	256
Depreciation	197	183
Net gain on disposal of property, plant and equipment	-	(59)
Effects of foreign exchange	567	227
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(8,283)	(10,865)
(Increase)/decrease in inventories	5,773	(7,550)
Increase/(decrease) in trade and other payables	(356)	10,167
Increase/(decrease) in income taxes payable	1,335	(409)
Cashflow from operations	32,814	21,758

NOTE 26: SUBSEQUENT EVENT

The Company has issued an additional 17,534,500 fully paid ordinary shares at $0.20 each amounting to $3,506,900 upon its listing on the Australian Securities Exchange ("ASX") on 12 February 2015. Other than its listing on the ASX subsequent to the year end, there are no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.