ABN 45 098 448 269

Financial Statements

For the Half-Year Ended

31 December 2014

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DIRECTORS' REPORT

The directors of Pan Asia Corporation Limited ("Pan Asia or the Company") submit the financial statements of the consolidated entity of which the Company is the ultimate parent for the half-year ended 31 December 2014 (the period). In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the period and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Domenic Martino	Non-Executive Chairman	
Luke Martino	Non-Executive Director	
Michael Pixley	Non-Executive Director	
Tim Gazzard	Non-Executive Director	Resigned 9 September 2014

Company Secretary

The name of the company secretary who held office during the period and until the date of this report is noted below.

Jason Campbell	Company Secretary

Operating Results

During the period, Pan Asia Corporation Limited recorded a loss of $510,623 (2013: $636,956).

Review of Operations

Highlights for the Year

- Substantially stabilised the Company's finances
- Actively progressed development plans for our flagship thermal coal project in Indonesia

Overview

It was another challenging year for resource companies, with commodity prices continuing to slide & equity market support for junior resource companies remaining weak.

As a result, the Company focused on first consolidating its financial position and then looked to build a solid consortium of development partners for our flagship high CV thermal coal project "TCM".

The stabilisation of the Company's finances was substantially achieved through a series of equity financings at a premium to the prevailing depressed market price and included an underwritten rights issue, completed post FY2014, to all existing shareholders. These funds were used primarily for working capital and the replacement of more expensive bridging finance. This refinancing process is still ongoing with the replacement of the PT Kopex Mining ("KOPEX") funding arrangement still being progressed.

As part of the overall process, the Company undertook a full cost review and streamlined its operations including relocating and downsizing its offices and team in Jakarta.

Much of the funding support throughout the year came from investors from Indonesia and elsewhere in the ASEAN region. This integration of the shareholder base into the ASEAN region should be beneficial for the Company as we look to move forward with this and other regional projects over the coming years.

DIRECTORS' REPORT (continued)

In addition to establishing the important corporate funding, the Company has also been active with a number of groups interested in engaging on the TCM project. While this is necessarily taking some time, the Company has active and advanced discussions underway with a number of capable groups who can assist in moving the TCM project forward.

In parallel with this, the Company has further refined its future development models for the project as well as progressed various permits and access agreements required pre development.

The plan for this coming year is to complete these arrangements to facilitate a clear path to development and we trust that this will coincide with a rising tide for resources and thermal coal in particular.

The combination of these two occurrences should result in our shareholder and stakeholder values improving over the coming years and we thank you for your ongoing support through this process.

TCM Project (Production Mining Business Licence (IUP) – South Kalimantan)

The Company owns 75% of PT Transcoal Minergy, the owner of mining operation production licence 545/091/IUP-OP/D.PE/2010 dated 28 April 2010 and situated within the administrative boundaries of the Kecamantans of Mantewe and Batulicin, Kabupatan Tanah Bumbu Province of South Kalimantan, Indonesia. The area is approximately 125km east of Banjarmasin (the provincial capital of South Kalimantan) and approximately 40km northwest of Batulicin (the capital of the Kabupatan Tanah Bumbu). The concession is adjacent to the east of Arutmin's ATA open pit coalmine and as such, it benefits from having well known high CV coal quality and good established infrastructure.

The Company has a current JORC resource in all seams totalling 177Mt with mineable seams at 129Mt. The coal is of high CV (6200 GAR Kcal/kg) thermal coal with predominately low ash and moisture content which underpins its development credentials.

TCM PROJECT JORC RESOURCES *

	CURRENT			
	Measured Mt	**Indicated Mt**	**Inferred Mt**	**TOTAL Mt**
Mineable Seams				
SU (5)	20.43	12.25	32.03	64.71
SM (6)	17.19	12.22	35.04	64.45
Sub Total				129.16
Other Seams	15.79	10.95	21.37	48.11
TOTAL	**53.41**	**35.42**	**88.44**	**177.27**

TCM PROJECT

- **High CV coal** ~ 6200 GAR +
- **Sellable Coal** 1.5mt pa +
- **Mine life** 30 years ++
- **Operating Cost / t on MV** USD 52/t +
- **Style of Mining** Mechanised, with second stage Longwall +

+ Based on KOPEX initial Feasibility Study on TCM South Resource only

++ Incorporating increased JORC resource discovered in TCM North

DIRECTORS' REPORT (continued)

To date the Company has received both PMA and Clean and Clear status and is currently in the process of obtaining its forestry approval. The Company intends to update the feasibility study in the current financial year to include the northern resources and optimise mining recovery methods.

*The information was prepared and first disclosed under the JORC Code 2004. It has not been updated since, to comply with the JORC Code 2012, on the basis that the information has not materially changed since it was last reported.

Figure 1: Coal loading facility at Batulicin *

Figure 2: Sampling coal seam on TCM highwall

*Note: Not an asset of the Company

Refer page 4 for Competent Person's Statement

DIRECTORS' REPORT (continued)

Competent Persons' Statement

The information in this release that relates to the Coal Resources of PT. Transcoal Minergy ("TCM") is based on information compiled and reviewed by Mr. Marek Rosa, who is a Member of the Australasian Institute of Mining and Metallurgy (The AusIMM) and works full time for PT Kopex Mining Contractors based in Jakarta, Indonesia (Member of Kopex Group Poland).

Mr Rosa is a qualified geologist who has more than 20 years of relevant mining and geological experience in coal, working for major mining companies in Poland (17 years) and in Indonesia (4 years) as a consultant. He has National Polish geological license No II-1140 for research, exploration, resource and reserve estimation of deposits of basic minerals and coalbed gas methane. During this time, he has either managed or contributed significantly to numerous mining studies related to the estimation, assessment, evaluation and economic extraction of coal in Poland and Indonesia. He has sufficient experience, which is relevant to the style and type of deposit under consideration especially for Underground Mining and to the activity he is undertaking to qualify him as a Competent Person for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

The estimates of Coal Resources have been carried out in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (December,2004) and Mr Rosa consents to the inclusion in this release of the Mineral Resources in the form and content in which it appears.

MAREK ROSA M.Sc. (Geology), MAusIMM

Subsequent Events

- The Company entered into a convertible note agreement dated 10 November 2014 for $7 million (or 14 notes at AUD $500,000 each). The notes were convertible at $0.025 per share with an expiry date of 10 February 2015 by which time the Company was required to obtain shareholder approval to enact the convertible note. The convertible note expired on 10 February 2015 as the Company was not able to requisite a meeting of shareholders by this end date to approve the convertible note facility;

- As at 11 March 2015, the Company has formally cancelled the convertible note agreement dated 10 November 2014 and executed a new convertible note agreement dated 11 March 2015 for AUD $5 million (10 notes at AUD $500,000 each) at a new conversion price of $0.007 per share. At the date of this report, the Company had not finalised the requisite shareholder meeting documentation to call a shareholders' meeting for the convertible note, however intends to do so at the Company's earliest available opportunity;

- On 11 March 2015, the Company has entered into an agreement with an investment fund Select Equity Growth Limited to issue 54 million new ordinary fully paid shares in the Company at $0.005 per share to raise AUD $270,000. Select Equity Growth Limited will have a 15% interest in the Company, following the issue.

Dividends Paid or Recommended

No dividends were paid or proposed during the half-year ended 31 December 2014.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial statements. This Independence Declaration is set out on page 6 and forms part of this directors' report for the half-year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the Corporations Act 2001.

………………………………………………………

Luke Martino

Director

16 March 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Pan Asia Corporation Limited for the year half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
16 March 2015

L Di Giallonardo
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Notes	Consolidated 31 December 2014 $	Consolidated 31 December 2013 $
Continuing operations			
Other income	2(a)	824	782
Accounting and legal fees		(77,604)	(55,118)
Management, corporate advisory and consulting expense		(109,570)	(140,916)
Depreciation and amortisation		(10,559)	(14,765)
Employee benefits expense		(105,842)	(107,707)
Securities exchange expenses		(50,294)	(14,524)
Other expenses	2(b)	(157,578)	(304,708)
Loss before income tax expense		**(510,623)**	**(636,956)**
Income tax expense		-	-
Net loss for the period		**(510,623)**	**(636,956)**
Other comprehensive income for the period			
Items which may be reclassified to profit and loss:			
Exchange differences on translation of foreign operations		783,138	156,794
Total comprehensive income/(loss) for the period		**272,515**	**(480,162)**
The net loss for the period is attributable to:			
Owners of the parent		(508,777)	(636,941)
Non-controlling interest		(1,846)	(15)
		(510,623)	**(636,956)**
Total comprehensive income/(loss) for the period is attributable to:			
Owners of the parent		260,616	(483,529)
Non-controlling interest		11,899	3,367
		272,515	**(480,162)**
Basic loss per share from continuing operation (cents per share)		**(0.19)**	**(0.47)**

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Consolidated 31 December 2014 $	Consolidated 30 June 2014 $
Assets			
Current assets			
Cash and cash equivalents		71,707	200,600
Trade and other receivables	3	24,073	18,137
Prepayments		15,830	19,391
Other financial assets		1,951	-
Total current assets		**113,561**	**238,128**
Non-current assets			
Property, plant and equipment		73,583	75,224
Deferred exploration and evaluation expenditure	4	17,900,920	16,093,077
Loans to other entities	5	144,203	144,203
Total non-current assets		**18,118,706**	**16,312,504**
Total assets		**18,232,267**	**16,550,632**
Liabilities			
Current liabilities			
Trade and other payables		949,136	1,337,196
Borrowings	6	74,144	78,193
Loans from other entities	7	3,139,252	3,362,775
Total current liabilities		**4,162,532**	**4,778,164**
Non-current liabilities			
Deferred tax liabilities		2,315,499	2,315,499
Total non-current liabilities		**2,315,499**	**2,315,499**
Total liabilities		**6,478,031**	**7,093,663**
Net assets		**11,754,236**	**9,456,969**
Equity			
Issued capital	8	58,205,843	56,181,091
Reserves	9	1,141,217	381,824
Accumulated losses		(49,040,118)	(48,541,341)
Parent entity interest		10,306,942	8,021,574
Non-controlling interest		1,447,294	1,435,395
Total equity		**11,754,236**	**9,456,969**

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Foreign Currency Translation Reserve	Non-Controlling Interest	Total
	$	$	$	$	$	$
Balance at 1 July 2013	54,730,660	(47,310,548)	191,305	295,780	1,443,270	9,350,467
Loss for the period	-	(636,941)	-	-	(15)	(636,956)
Exchange differences arising on translation of foreign operations	-	-	-	153,412	3,382	156,794
Total comprehensive loss for the period	-	(636,941)	-	153,412	3,367	(480,162)
Shares issued during the half-year	504,000	-	-	-	-	504,000
Share issue costs for the half-year	(30,000)	-	-	-	-	(30,000)
Balance at 31 December 2013	**55,204,660**	**(47,947,489)**	**191,305**	**449,192**	**1,446,637**	**9,344,305**
Balance at 1 July 2014	56,181,091	(48,541,341)	191,305	190,519	1,435,395	9,456,969
Loss for the period	-	(508,777)	-	-	(1,846)	(510,623)
Exchange differences arising on translation of foreign operations	-	-	-	769,393	13,745	783,138
Total comprehensive income for the period	-	(508,777)	-	769,393	11,899	272,515
Shares issued during the half-year	2,106,186	-	-	-	-	2,106,186
Share issue costs for the half-year	(81,434)	-	-	-	-	(81,434)
Options expired during half-year	-	10,000	(10,000)	-	-	-
Balance at 31 December 2014	**58,205,843**	**(49,040,118)**	**181,305**	**959,912**	**1,447,294**	**11,754,236**

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Consolidated 31 December 2014 $	Consolidated 31 December 2013 $
	Inflows/(Outflows)	
Cash flows from operating activities		
Interest received	824	782
Payments to suppliers and employees	(843,702)	(335,795)
Mining tenement expenditure	(680,759)	(367,155)
Interest and income taxes paid	(17)	(9,750)
Net cash used in operating activities	**(1,523,654)**	**(711,918)**
Cash flows from investing activities		
Sale / (Purchase) of property, plant and equipment	(8,888)	20,760
Funds (repaid to) / received from related parties	(640,410)	330,817
Net cash provided by / (used in) investing activities	**(649,298)**	**351,577**
Cash flows from financing activities		
Proceeds from issue of shares (net of share issue costs)	2,042,711	474,000
Net cash provided by financing activities	**2,042,711**	**474,000**
Net increase / (decrease) in cash held	**(130,241)**	**113,659**
Cash and cash equivalents at the beginning of the period	200,600	69,569
Exchange rate fluctuations on cash held	1,348	217
Cash and cash equivalents at the end of the period	**71,707**	**183,445**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

These condensed half-year financial statements do not include full disclosures of the type normally included in an annual financial report. Therefore, they cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Pan Asia Corporation Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Basis of Preparation

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

Significant Accounting Judgements and Key Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these half-year financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of the estimation of uncertainty were the same as those that applied to the financial report for the year ended 30 June 2014.

Adoption of New and Revised Accounting Standards

In the half-year ended 31 December 2014, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going Concern

In the half-year ended 31 December 2014, the Company recorded a net loss of $510,623 and a net cash outflow of $130,241. The Company has a working capital deficiency of $4,048,971 at 31 December 2014, due principally to the current nature of the loan owed by PT Transcoal Minergy to Kopex of USD $2,530,000 for which the Company has entered into a guarantee and indemnity to guarantee the performance of TCM to repay the loan. The loan is in respect to previous feasibility study and drilling activities carried out on the TCM Project by Kopex. As outlined in note 7, the Company is required to repay the loan in cash if TCM defaults on its performance to repay the loan. The timing of the obligations of the loan repayment is likely to be established in the coming 2015 calendar year. Notwithstanding the above, the financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of business and on the assumption of sufficient funds becoming available for the operations of the group.

The Board considers the group is a going concern but recognises that additional funding will be required to ensure that the group can continue to fund its operations and further develop its resource assets during the twelve month period from the date of this financial report.

On 11 March 2015, subsequent to the 31 December 2014 half year, the Company had agreed to issue 54 million new ordinary fully paid shares at $0.005 cents per share to a sophisticated investor to raise a total amount of $270,000 in working capital for the Company. In addition to this, the Company, on 11 March 2015, had also agreed to enter into a new convertible note financing for a total of $5 million with a conversion price of $0.007 cents per share. The convertible note agreement is yet to be executed however the terms have verbally been agreed with the note holder.

The Directors will continually review a number of funding options as and when required. In the event that the Company is unsuccessful in generating sufficient future cash flows by raising additional equity, loan funds or a potential sell down of assets, there exists a material uncertainty which may cast significant doubt on the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset or liability amounts that might be necessary should the group not continue as a going concern.

NOTE 2: OTHER INCOME AND EXPENSES

	Consolidated 31 December 2014 $	Consolidated 31 December 2013 $
(a) Other Income		
Interest income	824	782
Total Other Income	**824**	**782**
(b) Other expenses		
Bank charges	2,781	2,916
Interest expense	-	31
Corporate and administration fees	46,789	45,712
Travel and accommodation expenses	29,854	20,708
Rent	21,000	24,000
Insurance	-	7,201
Foreign exchange loss - unrealised	10,599	15,281
GST (recovered) / expensed	888	1,053
Director fees	41,600	94,000
Other	4,067	93,806
Total Other Expenses	**157,578**	**304,708**

NOTE 3: TRADE AND OTHER RECEIVABLES

	Consolidated 31 December 2014 $	Consolidated 30 June 2014 $
Current		
Trade receivables (i)	24,073	18,137
Total trade and other receivables	**24,073**	**18,137**

(i) Trade receivables are non-interest bearing.

NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 6 months ended 31 December 2014 $	Consolidated Year ended 30 June 2014 $
Exploration and evaluation phase:		
Balance at beginning of period	16,093,077	15,240,087
Expenditure incurred	537,114	961,557
Foreign currency translation movement	1,270,729	(108,567)
Balance at end of period	**17,900,920**	**16,093,077**

(i) The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas. The Company has investments in Indonesia including a pre-development project (the TCM Project).

NOTE 5: LOANS TO OTHER ENTITIES

	Consolidated 31 December 2014 $	Consolidated 30 June 2014 $
Non Current		
Other loans	144,203	144,203
Total loans to other entities	**144,203**	**144,203**

NOTE 6: BORROWINGS

	Consolidated 31 December 2014 $	Consolidated 30 June 2014 $
Current		
Motor vehicle hire purchase liability	74,144	78,193
Total borrowings	**74,144**	**78,193**

NOTE 7: LOANS FROM OTHER ENTITIES

	Consolidated 31 December 2014 $	Consolidated 30 June 2014 $
(a) Current		
Loans payable to KOPEX Mining (i)	1,918,572	1,670,502
Loans payable to KOPEX Mining (ii)	1,166,041	1,015,273
Loans payable to other entities (iii)	54,639	677,000
Total loans from other entities	**3,139,252**	**3,362,775**

(i) During the Company's exploration program, an agreement was entered into with Kopex to co-fund part of the drilling program on the TCM Coal Project. Under the agreement, Kopex funded a total of US $1,600,000 in drilling costs (and US $956,387 in feasibility study work – refer Note 7(a)(ii) below) on the TCM Project. Due to Kopex winding down their business operations in Indonesia for their own reasons and the Company's decision to proceed without Kopex further involvement in the TCM Project, PT Transcoal Minergy Limited (PT TCM) (with the Company as guarantor) entered into an original letter agreement dated 30 November 2012 to settle the loan advanced from the Kopex of US $1,600,000. On 26 November 2014, PT TCM (along with the Company) entered into a revised agreement with Kopex for US $1,500,000 to be repaid by 15 January 2015 and the remaining US $1,267,600 plus interest at 15% per annum to be repaid by 15 June 2015. Kopex retained security over the loan in the event of default in the form being able to convert any default amount into fully paid ordinary shares in the Company. However, since the revised agreement made with KOPEX on 26 November 2014, the Company was unable to draw down a convertible note it had originally executed and in place to meet the Kopex repayment amount of USD $1,500,000 in January 2015 and therefore has not been able to make the payment commitment agreed as set out in the agreement of 26 November 2014. At the date of this report, the Company is still in negotiations with Kopex regarding the timing of repayments of the total outstanding loan amount.

(ii) Kopex has funded and carried out US $956,387 worth of feasibility study work on the TCM project. The amount is repayable on the same terms as the drilling loan provided in note 7(a)(i) above.

(iii) The Company has received short-term loans from related parties. The loans and loan fees are to be repaid at the time of the next capital raising or other form of financing received by the Company.

NOTE 8: ISSUED CAPITAL

	Consolidated 6 months ended 31 December 2014 $	Consolidated Year ended 30 June 2014 $
Ordinary shares		
Issued and fully paid	58,205,843	56,181,091

	No. of Shares	$	No. of Shares	$
Movements in ordinary shares on issue				
At start of period	204,886,286	56,181,091	132,886,286	54,730,660
- Shares issued under Placement (i)	24,000,000	504,000	72,000,000	1,512,000
- Rights issued to existing shareholder (ii)	666,473	13,996	-	-
- Rights issued to Underwriter (ii)	75,519,340	1,585,906	-	-
- Ineligible Foreign Shares	108,760	2,284	-	-
- Less share issue costs	-	(81,434)	-	(61,569)
At end of period	305,180,859	58,205,843	204,886,286	56,181,091

(i) 24 million shares were issued at $0.021 per share to raise $504,000 before costs to Lanesborough Investments Pte Ltd in July 2014.

(ii) The Company completed a fully underwritten non-renounceable rights issue in September 2014 to existing shareholders. The total number of new shares issued under the fully underwritten non-renounceable rights issue was 76,294,573 new shares at $0.021 per share to raise $1,602,186 before costs. Included in the total number of new shares issued, 666,473 shares were subject to existing shareholders taking up their rights.

NOTE 9: RESERVES

	Consolidated 31 December 2014 $	Consolidated 30 June 2014 $
Share Based Payments Reserve (a)	181,305	191,305
Foreign Currency Translation Reserve (b)	959,912	190,519
Total Reserves	**1,141,217**	**381,824**

(a) Share Based Payments Reserve

	Consolidated 6 months ended 31 December 2014		Consolidated Year ended 30 June 2014	
	No. of Options	$	No. of Options	$
Movements				
At start of period	6,100,000	191,305	8,465,480	910,406
- Expiry of options	(500,000)	(10,000)	(2,365,480)	(719,101)
At end of period	**5,600,000**	**181,305**	**6,100,000**	**191,305**

NOTE 9: RESERVES (continued)

(b) Foreign Currency Translation Reserve

	Consolidated 6 months ended 31 December 2014 $	Consolidated Year ended 30 June 2014 $
Movements		
At start of period	190,519	295,780
- Exchange rate differences arising on translation of foreign currency	769,393	(105,261)
At end of period	**959,912**	**190,519**

NOTE 10: SEGMENT REPORTING

Segment Information

The following table presents revenue and results information and certain asset and liability information regarding the relevant segments for the half year ended 31 December 2014 for the consolidated entity.

The chief operating decision-maker has been identified as the Board of Pan Asia Corporation Limited.

The reportable segments have been identified around geographical areas and regulatory environments. Operating segments have been aggregated. Specifically PT PZC Services and PT Transcoal Minergy have been aggregated in the Indonesian reporting segment.

The Australian reporting segment derives its revenues from its investments in the entities making up the Indonesian reporting segment and from interest on its cash deposit. It is intended that the Indonesian reporting segment will derive revenue from the exploration assets it currently holds.

Transactions between reportable segments are accounted for in the same manner as transactions with external parties.

Current Reporting Period Segments

Segment result

31 December 2014	**Australia $**	**Indonesia $**	**Total $**
Total revenue	824	-	824
Management, corporate advisory and consulting expense	(109,570)	-	(109,570)
Depreciation	(9,720)	(839)	(10,559)
Segment result	(509,522)	(1,101)	(510,623)
31 December 2013			
Total revenue	782	-	782
Management, corporate advisory and consulting expense	(140,916)	-	(140,916)
Depreciation	(12,236)	(2,529)	(14,765)
Segment result	(488,761)	(148,195)	(636,956)

NOTE 10: SEGMENT REPORTING (continued)

Segment assets and liabilities

31 December 2014	**Australia** $	**Indonesia** $	**Total** $
Property, plant and equipment	66,201	7,382	73,583
Deferred exploration expenditure	-	17,900,920	17,900,920
Loans to/(from) other entities	144,203	(3,139,252)	(2,995,049)
Segment assets	306,613	17,925,654	18,232,267
Segment liabilities	(2,772,980)	(3,705,051)	(6,478,031)
30 June 2014			
Property, plant and equipment	74,531	692	75,224
Deferred exploration expenditure	-	16,093,077	16,093,077
Loans to/(from) other entities	144,203	(3,362,775)	(3,218,572)
Segment assets	439,450	16,111,182	16,550,632
Segment liabilities	3,856,833	3,236,830	7,093,663

NOTE 11: RELATED PARTY TRANSACTIONS

During the reporting period, fees for administrative, accounting and consulting of $50,397 (excluding GST) were incurred to Indian Ocean Advisory Group. These services were provided on normal commercial teams and conditions and at market rates. Mr Luke Martino is a director of Indian Ocean Advisory Group.

Ridgescan Pty Ltd, a company related to key management personnel, has provided a short-term loan of $50,000. The total outstanding of $55,000 which includes total financing fee of $5,000 is to be repaid as noted in Note 7.

NOTE 12: FINANCIAL INSTRUMENTS

The Directors consider that the carrying values of the financial assets and financial liabilities recognised in the condensed consolidated statement of financial position approximate their fair values.

NOTE 13: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matters noted below, there were no material events subsequent to the end of the reporting period that have not been reflected in this financial report.

- The Company entered into a convertible note agreement dated 10 November 2014 for $7 million (or 14 notes at AUD $500,000 each). The notes were convertible at $0.025 per share with an expiry date of 10 February 2015 by which time the Company was required to obtain shareholder approval to enact the convertible note. The convertible note expired on 10 February 2015 as the Company was not able to requisite a meeting of shareholders by this end date to approve the convertible note facility;

- As at 11 March 2015, the Company has formally cancelled the convertible note agreement dated 10 November 2014 and executed a new convertible note agreement dated 11 March 2015 for AUD $5 million (10 notes at AUD $500,000 each) at a new conversion price of $0.007 per share. At the date of this report, the Company had not finalised the requisite shareholder meeting documentation to call a shareholders' meeting for the convertible note, however intends to do so at the Company's earliest available opportunity;

- On 11 March 2015, the Company has entered into an agreement with an investment fund Select Equity Growth Limited to issue 54 million new ordinary fully paid shares in the Company at $0.005 per share to raise AUD $270,000. Select Equity Growth Limited will have a 15% interest in the Company, following the issue.

DIRECTORS' DECLARATION

In the opinion of the directors of Pan Asia Corporation Limited (the Company):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

   a. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year then ended.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.

Luke Martino

Director

16 March 2015

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Pan Asia Corporation Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pan Asia Corporation Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 the Group's financial position as at 31 December 2014 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 the company, 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*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pan Asia Corporation Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the Group to continue as a going concern is principally dependent upon the success of various funding options. Should the Group be unsuccessful in generating the required funds from these sources, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
16 March 2015