ABN 58 169 923 095

Premiere Eastern Energy Limited

Appendix 4E
Preliminary Final Report
For the year ended 31 December 2015

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 Appendix 4E – Preliminary Final Report.

Through this report, the Board seeks to provide an update to its shareholders and the market on the results achieved for the financial year ended 31 December 2015 ("FY2015"). 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 $14.4 million for FY2015, which represents a decrease of 56.7% when compared to the year ended 31 December 2014 ("FY2014"). 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 $10.8 million. The Company has maintained strong cash and cash equivalents balance at $174.6 million.

Corporate Results Summary

For FY2015, the Premiere Group, through its main operating China based subsidiaries, has achieved the following:

- Group revenue for the year (excluding other revenue) dropped down by 15.9% to $779.7 million compared to $926.9 million in FY2014; Sale of Refined Petroleum and Other Petrolchemicals products dropped by 24.9% to $166.3 million and by 13.1% to $613.4 million respectively. The fall in revenue of both Refined Petroleum and Other Petrochemicals is due to the decrease in both sales orders and average selling prices of our Refined Petroleum and Other Petrochemicals products in the current year.

  When compared to the first half of 2015 ("1H2015"), the business environment of our industry worsened in the second half of the year ("2H2015"). As international crude oil prices had maintained an accelerated falling trend in the 2H2015, customers became more prudent and alert in making their purchase orders, which resulted in the decrease in sales volumes of our Group. Moreover, the competition in the wholesale market was more intense in the same period due to cheaper sources of products obtained by our main competitors from the overseas market. They were able to offer more price-competitive products to the market. With a view to maintaining our customer base and market share, we have lowered our selling prices of our products so as to maintain our competitiveness in the market.

  Sales of Refined Petroleum and Other Petrochemicals contributed to 21.3% (FY2014: 23.9%) and 78.7% (FY2014: 76.1%) of the Group's revenue in FY2015 respectively. During the year, the Group distributed an aggregate of 144,883 tonnes (2014: 168,198 tonnes) of Refined Petroleum and 606,669 tonnes (2014: 668,520 tonnes) of Other Petrochemicals respectively in the PRC, representing sales volume drop by 13.9% in Refined Petroleum and 9.3% in Other Petrolchemcials in the current year.

- Group profit margin decreased to 4.58% for the year, representing a drop from 6.13% in FY2014; Due to the persistent accelerated fall in international crude oil prices and intense competition in the PRC wholesale market in the 2H2015, we failed to maintain our gross profits margins in 2H2015, dropping from 6.2% in 1H2015 to 2.5% in 2H2015.

Commentary on Full Year 2015 Results (continued)

Corporate Results Summary (continued)

- Group NPBT of $20.6 million, representing a decrease of 54.0% from $44.7 million in FY2014;
- Group NPAT of $14.4 million, representing a decrease of 56.7% from $33.3 million in FY2014;
- Foreign exchange translation gain of $10.8 million, arising from the appreciation of RMB against AUD during the year; and
- Maintaining strong cash position of $174.6 million.

The Premiere Group, as one of the leading integrated supply chain managers engaging in the wholesale of refined petroleum and petrochemical products within the PRC, has managed to maintain a profitable business in the current year despite the intense market competition, persistent drop in the international crude oil prices and higher automotive emission standards 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.

APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

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

1. Reporting period

Current Period	12 months ended 31 December 2015
Prior Period	12 months ended 31 December 2014

2. Results for announcement to the market

				% Change		
Consolidated Group	**Item**		**$'000**			**$'000**
Revenue – excluding interest received	**2.1**	down	147,194	15.9%	to	779,741
Profit after tax attributable to members	**2.2**	down	18,386	55.2%	to	13,894
Net Profit attributable to members	**2.3**	down	18,386	55.2%	to	13,894
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.

Overview

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.

Overview of results

For the year ended 31 December 2015, sales revenue and net profit after tax dropped by $147,194,000 (ie. 15.9% compared to 2014) and $18,898,000 (ie. 56.7% compared to 2014) respectively on a year-on-year basis.

Financial Position

The net assets of the consolidated Group rose by $28,421,000 from $172,477,000 at 31 December 2014 to $200,898,000 at 31 December 2015. Such increase is resulted mainly from the following factors:

- profits after tax attributable to members of $14,404,000;
- increase in foreign exchange reserve by $10,765,000.

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 $159,510,000 as at 31 December 2014 to $187,703,000 as at 31 December 2015.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the parent entity during the financial 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. The Group intends to keep the existing cash reserves in order to remain more competitive in the wholesale market and to fund our forthcoming vertical downstream expansion through acquisition of retail petrol stations, subject to ongoing negotiations and due diligence.

7. Details of any Dividend or distribution reinvestment plans

Please see Point 2.6 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 2015
Number of securities	917,534,500
Net tangible assets per security in cents	21.9

10. Changes in controlled entities

There have been no changes in controlled entities during the current year.

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 2015**
Basic earnings per share in cents	1.57
Diluted earnings per share in cents	1.57

After Balance Date Events

Subsequent to the year end, the Company has received a Certificate of Approval from the Guangzhou Municipal Commission of Commerce for the establishment of a wholly owned foreign enterprise in China.

Following the Certificate of Approval, a new wholly owned entity; Guangzhou King-Win Enterprise Management & Services Co Ltd ('Guangzhou King-Win'), has been established by the Group. It is intended that Guangzhou King-Win be used as an investment holding company to invest in the operation of a retail petrol station business. Guangzhou King-Win's scope of business will include enterprise and supply chain management as well as investment, transportation, energy technology, human resource and marketing consulting.

15. Compliance Statement

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

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

ZHAN Mu Sheng – Chairman

Dated this 29 day of February 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
Revenue	4	779,741	926,935
Cost of goods sold		(744,058)	(870,121)
Gross profit		35,683	56,814
Other income	4	732	529
Operating expenses		(12,399)	(11,353)
Administrative expenses		(2,962)	(1,307)
Finance costs		(495)	(13)
Profit before income tax	5	20,559	44,670
Income tax expense	6	(6,155)	(11,369)
Profit For The Year		**14,404**	**33,301**
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		10,767	13,919
Total Comprehensive Income For The Year Attributable to Members		**25,171**	**47,220**
Profit for the year attributable to:			
Non-controlling interest		510	1,021
Owner of the Parent		13,894	32,280
Total comprehensive income attributable to:			
Non-controlling interest		757	1,417
Owner of the Parent		24,414	45,644
Earnings per share (on profit attributable to ordinary equity holders)		**Cents**	**Cents**
— Basic earnings per share (cents per share)	9	1.57	6.27
— Diluted earnings per share (cents per share)	9	1.57	6.27

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	174,613	133,542
Trade and other receivables	11	40,911	66,397
Inventories	12	2,272	6,051
Prepayments	13	1,458	1,534
TOTAL CURRENT ASSETS		219,254	207,524
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,532	1,663
Land-use rights	17	11,663	11,304
TOTAL NON-CURRENT ASSETS		13,195	12,967
TOTAL ASSETS		232,449	220,491
CURRENT LIABILITIES			
Trade and other payables	18	22,821	37,002
Non-convertible debt	19	8,730	7,633
Current tax liabilities	20	-	3,379
TOTAL CURRENT LIABILITIES		31,551	48,014
TOTAL LIABILITIES		31,551	48,014
NET ASSETS		**200,898**	**172,477**
EQUITY			
Issued capital	22	11,768	8,518
Other reserves	23	22,221	8,507
Retained earnings		160,933	150,233
Equity attributable to Owners of the Parent		194,922	167,258
Non-controlling interest	24	5,976	5,219
TOTAL EQUITY		**200,898**	**172,477**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2015

	Attributable to Owners of the Parent				
	Share Capital Ordinary	Other Reserves	Retained Earnings	Non-controlling Interest	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2013	-	(5,412)	117,953	4,198	116,739
Profit for the year	-	-	32,280	1,021	33,301
Other comprehensive income	-	13,919	-	-	13,919
Total comprehensive income	-	13,919	32,280	1,021	47,220
Shares issued during the year	8,518	-	-	-	8,518
Transactions with owners in their capacity as owners	8,518	-	-	-	8,518
Balance at 31 December 2014	8,518	8,507	150,233	5,219	172,477
Profit for the year	-	-	13,894	510	14,404
Other comprehensive income	-	10,520	-	247	10,767
Total comprehensive income	-	10,520	13,894	757	25,171
Shares issued during the year	3,507	-	-	-	3,507
Payments for share issue expenses	(257)				(257)
Transfer to statutory reserve	-	3,194	(3,194)	-	-
Transactions with owners in their capacity as owners	3,250	3,194	(3,194)	-	3,250
Balance at 31 December 2015	11,768	22,221	160,933	5,976	200,898

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
FOR YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		811,501	918,214
Payments to suppliers and employees		(763,816)	(874,687)
Interest received		731	529
Finance costs		(26)	(13)
Income tax paid		(9,736)	(10,034)
Sales and other taxes		(2,740)	(1,195)
Net cash provided by operating activities	29	35,914	32,814
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,262)	-
Net cash used in investing activities		(4,262)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares		3,507	-
Payments for share issue expenses		(257)	-
Proceeds from non-related parties		159	23
Payments to related parties		(1,883)	(7)
Net cash provided by financing activities		1,526	16
Net change in cash and cash equivalents held		33,178	32,830
Cash and cash equivalents at beginning of financial year	10	133,542	87,408
Effect of exchange rates on cash holdings in foreign currencies		7,893	13,304
Cash and cash equivalents at end of financial year	**10**	**174,613**	**133,542**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: NATURE OF OPERATIONS

Premiere Eastern Energy Limited and subsidiaries' ('the Group') principal activities include the wholesale distribution of petrochemical products including sourcing, storage, shipping, sales and distribution and after-sales services of petrochemical products in the PRC.

These activities are grouped into the following service lines:

- Refined Petroleum – trading of various grades of gasoline and diesel oil used mainly by automobiles.
- Other Petrochemicals service – trading of mixed aromatics, C5 non aromatics, fuel oil, naphtha and MBTE used mainly for gasoline blending

During the previous period, pursuant to a Share Sale Agreement dated 29 August 2014, Genius Supreme Investment Ltd ("Genius") and its controlled entities became part of the Group. Refer to Note 15 for further information.

NOTE 2: GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB').

Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). Premiere Eastern Energy Limited is a for-profit entity for the purpose of preparing the financial statements. 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 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 financial information.

Premiere Eastern Energy Limited is the Group's Ultimate Parent Company. Premiere Eastern Energy Limited is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Level 1, 330 Churchill Avenue, Subiaco, Western Australia 6008.

NOTE 3: 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'). Premiere Eastern Energy Limited listed on the Australian Securities Exchange ("ASX") on 12 February 2015. All subsidiaries have a reporting date of 31 December.

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Principles of Consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2015. 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.

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 Eastern Energy ("Premiere") was incorporated on the 4 June 2014 to facilitate the listing of Genius Supreme Investments Limited ("Genius") on the Australian Securities Exchange. Pursuant to a Share Sale Agreement dated 29 August 2014, Genius became a wholly owned subsidiary of Premiere (business combination). Premiere and Genius 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 is recorded in 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. There is no contingent consideration in the business combination.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Where inventories represent goods in transit, the Group holds the risks and rewards of ownership.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Non-derivative financial liabilities

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

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 its estimated useful life of 36 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.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

q. Comparative Figures

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

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of property, plant and equipment (PPE). Where an impairment trigger exists, the recoverable amount of PPE is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

s. Accounting standards issued but not yet effective and not been adopted early by the group

Australian Accounting Standards and Interpretations that have been recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, as set out below.

AASB 15 Revenue from Contracts with Customers (Application date: 1 January 2018)

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

The preliminary financial report was authorised for issue on 29 February 2016 by the board of directors.

NOTE 4: REVENUE

	Note	2015 $'000	2014 $'000
Sales revenue			
— Sale of goods		779,741	926,935
Other income			
— Bank Interest received		732	529
		780,473	927,464

NOTE 5: PROFIT BEFORE INCOME TAX

Expenses	Note	2015 $'000	2014 $'000
Finance costs:			
—Interest expense		481	-
—Bank charges		14	13
Total finance costs		495	13
Employee wages and benefits		1,800	956
Included in administrative expenses are:			
—Depreciation and amortisation		553	477
—Audit fees	7	145	115

NOTE 6: INCOME TAX EXPENSE

a) The components of tax expense comprise:	Note	2015 $'000	2014 $'000
Current tax		6,155	11,369
Total income tax expense		6,155	11,369

The Australian assessable earnings will be taxed at 30% (2014: 30%). The Chinese assessable earnings will be taxed at 25%.

b) Reconciliation of tax expense

	2015	2014
Profit before income tax	20,559	44,670
Prima facie tax payable on profit before income tax at 30% (2014:30%)	6,168	13,401
Adjustment to income tax expense due to:		
Differences in taxation rates in foreign subsidiaries	(848)	(2,274)
Foreign losses not recognised	157	76
Losses in the parent entity not recognised	678	166
Income tax attributable to the Group	6,155	11,369
The applicable weighted average effective tax rate are as follows:	30%	25%

NOTE 6: INCOME TAX EXPENSE (CONTINUED)

c) Income tax losses

As at 31 December 2015, Premiere Eastern Energy (parent entity) had an estimated available tax losses of approximately $2.260 million (2014: $0.678 million). Tax losses in the parent entity have not been recognised as it is likely that they will not be utilised due to the parent entity's holding nature of operation. Tax losses in subsidiaries, Yangjiang Yuanda Information Consultancy Limited and Genius Supreme Investments Limited are not presented as they likely will forgone due to the nature of the entities being holding entities.

NOTE 7: AUDITORS' REMUNERATION

	2015 $'000	2014 $'000
Remuneration of the auditor of the parent entity for:		
Audit services		
- auditing or reviewing the financial report	145	115
- investigating accountant's report	-	45
Other services		
- taxation service	10	-
- taxation report	-	5
Total	155	165

NOTE 8: DIVIDENDS

The Directors have resolved not to declare any final dividend.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 9: EARNINGS PER SHARE

	2015 $'000	2014 $'000
a. Reconciliation of earnings to profit or loss		
Profit used to calculate basic EPS and dilutive EPS	14,404	33,301

	2015 Numbers	2014 Numbers
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS and dilutive EPS	915,595,277	531,428,572

NOTE 10: CASH AND CASH EQUIVALENTS

	2015 $'000	2014 $'000
Cash at bank and in hand	174,613	133,542
	174,613	133,542

NOTE 11: TRADE AND OTHER RECEIVABLES

CURRENT	Note	2015 $'000	2014 $'000
Trade receivables	11a	38,434	66,237
Other receivables	11b	2,113	160
Other taxes receivables		364	
		40,911	66,397

11a. Trade receivables past due but not impaired:

Current trade receivables are non-interest bearing and generally on 30 day terms. As of 31 December 2015, trade receivables of $nil (2014: $14,278,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2015 $'000	2014 $'000
31-60 days	-	5,900
61-90 days	-	1,552
90-180 days	-	6,826
Total	-	14,278

NOTE 11: TRADE AND OTHER RECEIVABLES (CONTINUED)

11a. Trade receivables past due but not impaired: (continued)

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.

11b. Other receivables includes $2.076 million (2014: $0.158 million) advanced to our Executive Director, Mr Zhan Aiping during September 2015 for work performed on an application for petrolchemical product trademark. On granting, the trademark will be transferred by Mr Zhan Aiping to the Group.

NOTE 12: INVENTORIES

	2015	**2014**
CURRENT	**$'000**	**$'000**
Inventory at cost	2,272	6,051
Provision for obsolete stock	-	-
Net inventory	2,272	6,051

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 13: PREPAYMENTS

	2015	**2014**
CURRENT	**$'000**	**$'000**
Prepayments	1,458	1,534
Total prepayments	1,458	1,534

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 14: CONTROLLED ENTITIES

a. Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)[1]	
		2015 %	2014 %
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 15: ACQUISITION OF GENIUS

Pursuant to a Share Sale Agreement dated 29 August 2014, Premiere issued 749,966,929 Ordinary shares to the existing shareholders of Premiere Eastern Energy Pte Ltd ("Premiere Singapore") as purchase consideration for 100% of the share capital of Genius Supreme Investment Ltd ("Genius") and its controlled entities. This transaction is one referred to as a common control transaction.

Through this transaction effective control of Genius passed to the shareholders of Premiere. The transaction is one referred to in AASB 3 Business Combinations as a common control transaction, the nature and substance of this transaction is a group restructure where following the reconstruction Premiere took control of Genius with no change in underlying control.

As Premiere 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

NOTE 16: 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 2015	355	958	1,459	2,772
Exchange differences	21	56	87	164
At 31 December 2015	**377**	**1,014**	**1,546**	**2,937**
Accumulated Depreciation				
At 1 January 2015	(274)	(128)	(707)	(1,109)
Exchange differences	(15)	(7)	(41)	(63)
Depreciation for the year	(14)	(34)	(185)	(233)
At 31 December 2015	**(303)**	**(169)**	**(933)**	**(1,405)**
Cost				
At 1 January 2014	329	949	1,286	2,628
Exchange differences	26	9	173	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)**
Net book value				
At 31 December 2015	74	845	613	**1,532**
At 31 December 2014	**81**	**830**	**752**	**1,663**

NOTE 17: LAND-USE RIGHTS

	2015 $'000	2014 $'000
Cost	13,273	12,524
Accumulated Amortisation	(1,610)	(1,220)
Total Land-use Rights	11,663	11,304

NOTE 17: LAND-USE RIGHTS (CONTINUED)

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 2014	10,735
Exchange differences	849
Amortisation expense	(280)
Balance at 31 December 2014	11,304
Exchange differences	680
Amortisation expense	(321)
Balance at 31 December 2015	11,663

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	36 years (valid until 3/11/2052)

NOTE 18: TRADE AND OTHER PAYABLES

	2015 $'000	**2014 $'000**
CURRENT		
Trade payables	16,536	26,715
Revenue received in advance	2,090	2,231
Other tax payable	196	613
Convertible notes and non-convertible debt interest	2,031	1,562
Salary payable	603	601
Accrued expenses	17	95
Other payables	1,348	5,185
	22,821	37,002

NOTE 19: NON-CONVERTIBLE DEBT

	2015 $'000	2014 $'000
Balance at beginning of the year	7,633	-
Conversion from convertible notes	-	7,633
Foreign currency revaluation	1,097	-
	8,730	7,633

The Group completed a restructure during the previous year. Pursuant to an agreement between by bondholders and Premiere Singapore dated 29 August 2014, convertible notes amounting to $5.937 million were converted into 137,129,844 shares in Premiere Australia, and accrued interest on convertible notes were satisfied by the issue of 12,903,225 shares amounting to $2.581 million in Premiere Eastern Energy.

Convertible note balances have been transferred from Premiere Singapore to Premiere Eastern Energy and remaining unconverted balances of $8.730 million (2014: $7.633 million) have been novated to a non-convertible debt instrument in Premiere with the terms including interest rate of 4% per annum to be accrued on the outstanding balance, the first repayment of SGD$5 million before 6 months after a successful listing on the ASX, and the outstanding balance to be paid within 12 months after a successful listing on the ASX.

NOTE 20: CURRENT TAX LIABILITIES

	2015 $'000	2014 $'000
CURRENT		
Income Tax	-	3,379

Income tax payable represents current income tax obligations to the Chinese taxation authorities at 31 December 2015.

NOTE 21: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2015, the Group is not aware of any other contingent assets or liabilities that should be disclosed in accordance with AASB 137.

NOTE 22: ISSUED CAPITAL

Ordinary shares	Number of shares issued	$'000
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 31 December 2014	900,000,000	8,518
Shares issued on 12 February 2015 at initial public offering	17,534,500	3,507
Share issuing expenses	-	(257)
At 31 December 2015	917,534,500	11,768

NOTE 22: ISSUED CAPITAL (CONTINUED)

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 2015 and 31 December 2014 are as follows:

	2015 $'000	2014 $'000
Total liabilities	31,551	48,014
Less: cash and cash equivalents	(174,613)	(133,542)
Net liabilities/(net cash)	(143,062)	(85,528)
Total equity	200,898	172,477
(Net cash) to equity ratio	(71.2%)	(49.6%)

NOTE 23: OTHER RESERVES

	2015 $'000	2014 $'000
Statutory reserve	6,093	2,898
Capital reserve	26	26
Foreign currency translation reserve	16,102	5,583
	22,221	8,507

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 24: NON-CONTROLLING INTEREST

	2015 $'000	2014 $'000
Balance at beginning of the year	5,219	4,198
Share of movement in net assets	757	1,021
Balance at end of the year	5,976	5,219

Movement in non-controlling interest in 2015 relates to the 3% minority interest in Yangjiang Yuanda. During 2015, Yangjiang Yuanda and its controlled entities achieved net profit after tax $510,000 (2014: $1,021,000) and has therefore been included in movement in net assets attributable to the Group's non-controlling interest. Refer Note 12 for more details on the Group's controlled entities.

NOTE 25: COMMITMENTS

Capital Commitment
No capital commitments existed as at 31 December 2015.

Operating Commitment
Non-cancellable operating leases contracted for but not capitalised in the financial statements as at 31 December 2015 are as follows:

	2015 $'000	2014 $'000
Payable – minimum lease payments		
- not later than 12 months	43	28
- between 12 months and five years	57	95
- greater than 5 years	-	-
	100	123

NOTE 26: FINANCIAL INSTRUMENT RISK

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities consist of:

- Cash and cash equivalents
- Trade and other receivables
- Security deposits to suppliers
- Trade and other payables
- Non-convertible debt

The Group's accounting policy of financial assets and liabilities is summarised in Note 1. The main types of risks are market risk, credit risk and customer concentration risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

NOTE 26: FINANCIAL INSTRUMENT RISK (CONTINUED)

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

1.1 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to credit risk, interest rate risk, liquidity risk, and customer concentration risk. The Group does not have any significant exposure to price risk and foreign currency risk.

Foreign Currency Risk

Balances and transactions within each respective company are predominately in the local functional currency and not subject to foreign currency risk.

Credit Risk

Credit risk is managed on a group basis and reviewed regularly by the finance committee. It arises from exposures to customers as well as through deposits with financial institutions.

The finance committee monitors credit risk on a regular basis.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Company performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The allowance for doubtful debts is based upon a review of the expected collectability of all trade and other receivables.

There are no other material amounts of collateral held as security at 31 December 2015.

Liquidity Risk

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for financial liabilities as well as forecast cash inflows and outflows due in day-to-day business.

Interest Rate Risk

The Group's exposure to interest rate risks relates principally to short term deposits placed with financial institutions, short term borrowing. At 31 December 2015, the Group is not exposed to changes in market interest rates resulting from nil (2014: nil) bank borrowings at variable interest rates. Other borrowing of the Company the non-convertible debt is at fixed interest rate.

Price risk

The Group's financial instruments are not exposed to price risk.

NOTE 26: FINANCIAL INSTRUMENT RISK (CONTINUED)

1.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, investment in bonds etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2015	2014
	$'000	'$'000
Classes of financial assets		
Carrying amounts:		
• cash and cash equivalents	174,613	133,542
• trade and other receivables	40,911	66,397
Total	215,524	199,939

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 31 December reporting dates under review are of good credit quality.

An analysis of unimpaired trade receivables that are past due is given in note 11.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

1.3 Customer Concentration Risk

The Group's exposure to customer concentration risk relates to its dependence on major customers. The Group's top 5 (2014: top 5) customers in 2015 generated more than 57% ($444,895,000) (2014: 59% $551,121,500) of the Group's revenue during the financial period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 26: FINANCIAL INSTRUMENT RISK (CONTINUED)

Financial instrument composition and maturity analysis

The table below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

	Weighted Average Effective Interest Rate		Interest Bearing Maturing within 1 Year		Interest Bearing Maturing within 2 Year		Non-interest Bearing Maturing within 1 Year		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	%	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets:										
—Cash and cash equivalents (Variable interest rate)	0.35% p.a.	0.35% p.a.	174,613	133,540	—	—	—	—	174,613	133,540
—Trade and other receivables			—	—	—	—	40,911	66,397	40,911	66,397
—Security deposits to suppliers							1,458	1,534	1,458	1,534
Total Financial Assets			174,613	133,540	—	—	42,369	67,931	216,982	201,471
Financial Liabilities:										
—Trade and other payables			—	—	—	—	20,731	34,771	20,731	34,771
—Revenue received in advance			—	—	—	—	2,090	2,231	2,090	2,231
—Non-convertible debt	4%	4%	8,730	7,663	—	—	—	—	8,730	7,663
Total Financial Liabilities			8,730	7,663	—	—	22,821	37,002	31,551	44,665
Net Financial Assets (Liabilities)			165,883	125,877	—	—	19,548	30,929	185,431	156,806

NOTE 27: FAIR VALUE MEASUREMENT

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The Group does not hold any financial assets or liabilities carried at fair value as at 31 December 2015. All financial assets and liabilities are carried at amortised cost.

The carrying amounts of current receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities approximates the carrying amount as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 28: 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 28: OPERATING SEGMENTS (CONTINUED)

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.

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:

	Refined petroleum	Petrolchemical	Total
2015	**$'000**	**$'000**	**$'000**
Segment revenues	166,356	613,385	779,741
Segment cost of sales	(160,506)	(583,552)	(744,058)
Segment other expenses	(2,566)	(10,498)	(13,064)
Segment results (Profit after tax)	3,284	19,335	22,619
Other income	218	507	725
Net financing costs	-	-	(482)
Unallocated expense net of unallocated revenue			(2,303)
Profit before tax	3,502	19,842	20,559
Income tax expense	(959)	(5,196)	(6,155)
Net profit after tax	2,543	14,646	14,404
Segment assets	75,757	156,141	231,898
Total corporate and unallocated assets			551
Total consolidated assets			232,449
Segment liabilities	5,775	14,837	20,612
Total corporate and unallocated liabilities			10,939
Total consolidated liabilities			31,551

NOTE 28: OPERATING SEGMENTS (CONTINUED)

	Refined petroleum $'000	Petrolchemical $'000	Total $'000
2014			
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	75,510	138,507	214,017
Total corporate and unallocated assets			6,474
Total consolidated assets			220,491
Segment liabilities	7,198	31,473	38,671
Total corporate and unallocated liabilities			9,343
Total consolidated liabilities			48,014

During 2015, the top 1 (2014: top 3) customer(s) within the petrochemical segment contributed more than 10% of segment revenues totaling $123,842,000 (20.19%) (2014: $459,555,000 (65.13%)). Four customers (2014: five customers) within the refined petroleum segment contributed more than 10% of segment revenues totaling $119,094,000 (71.59%) (2014: $183,837,000 (83.06%)).

NOTE 29: CASH FLOW INFORMATION

	2015 $'000	2014 $'000
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	14,404	33,301
Non-cash flows in profit		
Amortisation	314	280
Depreciation	233	197
Foreign exchange revaluation of non-convertible debt	1,082	-
Interest expenses accrued	469	-
Effects of foreign exchange	2,309	567
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	27,803	(8,283)
(Increase)/decrease in inventories	3,779	5,773
(Increase)/decrease in prepayments	77	-
Increase/(decrease) in trade and other payables	(11,177)	(356)
Increase/(decrease) in income taxes payable	(3,379)	1,335
Cashflow from operations	35,914	32,814

NOTE 30: SUBSEQUENT EVENT

Subsequent to the year end, the Company has received a Certificate of Approval from the Guangzhou Municipal Commission of Commerce for the establishment of a wholly owned foreign enterprise in China.

Following the Certificate of Approval, a new wholly owned entity; Guangzhou King-Win Enterprise Management & Services Co Ltd ('Guangzhou King-Win'), has been established by the Group. It is intended that Guangzhou King-Win be used as an investment holding company to invest in the operation of a retail petrol station business. Guangzhou King-Win's scope of business will include enterprise and supply chain management as well as investment, transportation, energy technology, human resource and marketing consulting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 31: PARENT ENTITY INFORMATION

	2015	2014
	$'000	$'000
Statement of Financial Position		
Assets		
Current assets	21	56
Non-current assets	19,737	17,171
Total Assets	19,758	17,227
Liabilities		
Current liabilities	10,806	9,264
Non-current liabilities	-	-
Total Liabilities	10,806	9,264
Net Assets	8,952	7,963
Equity		
Issued capital	12,025	8,518
Retained earnings	(3,073)	(555)
Total Equity	8,952	7,963
Statement of Comprehensive Income		
Total profit (loss)	(2,518)	(555)
Total comprehensive income	(2,518)	(555)

The Parent entity has no contingent liabilities or contingent assets as at 31 December 2015. Premiere Eastern Energy (Parent Entity) was incorporated on the 4 June 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 32: COMPANY DETAILS

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