

**Appendix 4E**  
**Preliminary final report**

**MUI Corporation Limited**

ABN 54 072 350 817

**30<sup>th</sup> June 2014**

Lodged with the ASX under Listing Rule 4.3A

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## MUI Corporation Limited

### Year ended 30 June 2014

(Previous corresponding period: Year ended 30 June 2013)

### Results for Announcement to the Market

<b>Revenues</b> from continuing ordinary activities	Down	88%	to	\$1,288
<b>Loss</b> from ordinary activities after tax attributable to members	Down	6%	to	\$518,858
<b>Net loss</b> for the period attributable to members	Down	6%	to	\$518,858

<b>Dividends / distributions</b>	Amount per security	Franked amount per security
Final dividend	-	-
Interim dividend	-	-

**Record date** for determining entitlements to the dividend

N/A

#### **Explanation of Revenue**

Revenues from continuing ordinary activities comprises interest income of \$1,288 (2013: \$10,621)

#### **Explanation of Loss from ordinary activities after tax**

The financial year reports a loss of \$518,858 compared to a loss of \$552,588 in the prior year. Operating expenses for the year ended 30 June 2014 were slightly lower than the previous year. The lower average cash balance over the 2014 financial year resulted in less interest earned and, despite an interest expense on the convertible note for the entire year and amortisation of the option fee, the loss was lower than the previous year predominantly due to the previous year including some expenses relating to the review of the potential acquisition of JEMS Exploration Pty Ltd.

#### **Explanation of Net Loss**

See above: explanation of loss from ordinary activities after tax.

MUI Corporation Limited  
Preliminary statement of comprehensive income  
For the year ended 30 June 2014

	2014 \$	2013 \$
<b>Continuing operations</b>		
Revenue	1,288	10,621
Corporate administration expense	(520,146)	(563,209)
<b>Loss before tax</b>	<b>(518,858)</b>	<b>(552,588)</b>
Income tax expense	-	-
<b>Loss for the year from continuing operations</b>	<b>(518,858)</b>	<b>(552,588)</b>
<b>Loss for the year</b>	<b>(518,858)</b>	<b>(552,588)</b>
<b>Other comprehensive income / loss</b>		-
<b>Total comprehensive loss for the year attributable to Members of the Company</b>	<b>(518,858)</b>	<b>(552,588)</b>
Basic and diluted earnings / (loss) per share (cents)	(0.02)	(0.02)
Weighted average number of shares used to determine both basic and diluted earnings per share (note that the effect of options and convertible notes have been excluded from the calculation of the diluted EPS on the basis that this would indicate a better EPS resulting from dividing the loss by a larger number of securities):	3,399,337,256	2,600,138,835

The above preliminary statement of comprehensive income should be read in conjunction with the accompanying notes.

MUI Corporation Limited  
Preliminary statement of financial position  
As at 30 June 2014

	2014 \$	2013 \$
<b>Current assets</b>		
Cash and cash equivalents	242,810	135,379
Trade and other receivables	22,445	37,798
Other current assets	20,000	35,111
Financial assets	1,040,000	3,524,089
Total current assets	<b>1,325,255</b>	<b>3,732,377</b>
<b>Non-current assets</b>		
Financial assets	2,435,062	-
Total non-current assets	<b>2,435,062</b>	<b>-</b>
<b>Total assets</b>	<b>3,760,317</b>	<b>3,732,377</b>
<b>Current liabilities</b>		
Trade and other payables	83,652	49,032
Convertible note	570,842	528,664
Total current liabilities	<b>654,494</b>	<b>577,696</b>
<b>Total liabilities</b>	<b>654,494</b>	<b>577,696</b>
<b>Net assets</b>	<b>3,105,823</b>	<b>3,154,681</b>
<b>Equity</b>		
Contributed equity	35,764,430	35,307,863
Reserves	52,751	39,318
Accumulated losses	(32,711,358)	(32,192,500)
<b>Total equity</b>	<b>3,105,823</b>	<b>3,154,681</b>

The above preliminary statement of financial position should be read in conjunction with the accompanying notes.

MUI Corporation Limited  
Preliminary statement of cash flows  
For the year ended 30 June 2014

	2014 \$	2013 \$
<b>Cash flows from operating activities</b>		
Interest income	1,288	10,621
Payments to suppliers and employees	(433,261)	(531,719)
<b>Net cash flows used in operating activities</b>	<b>(431,973)</b>	<b>(521,098)</b>
<b>Cash flows from investing activities</b>		
Loan to AusAsia Energy Pty Ltd	(120,596)	(1,854,130)
Repayment of loan by AusAsia Energy Pty Ltd	160,000	
<b>Net cash flows/(used in) investing activities</b>	<b>39,404</b>	<b>(1,854,130)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	500,000	1,213,599
Proceeds from borrowings	-	48,600
Proceeds from issue of convertible notes	-	500,000
<b>Net cash flows from financing activities</b>	<b>500,000</b>	<b>1,762,199</b>
Net increase / (decrease) in cash and cash equivalents	107,431	(613,029)
Cash and cash equivalents at beginning of period	135,379	748,408
<b>Cash and cash equivalents at end of period</b>	<b>242,810</b>	<b>135,379</b>

The above preliminary statement of cash flows should be read in conjunction with the accompanying notes.

MUI Corporation Limited  
Preliminary statement of changes in equity  
For the year ended 30 June 2014

	Issued Capital \$	Options Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 July 2012</b>	<b>33,617,872</b>	<b>-</b>	<b>(31,639,912)</b>	<b>1,977,960</b>
Comprehensive loss for the year	-	-	(552,588)	(552,588)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(552,588)</b>	<b>(552,588)</b>
<i>Transactions with owners in their capacity as owners:</i>				
Issue of share capital, net of transaction costs	1,708,342	-	-	1,708,342
Options granted to Underwriter	(18,351)	18,351	-	-
Options granted and issued to Directors	-	20,967	-	20,967
<b>At 30 June 2013</b>	<b>35,307,863</b>	<b>39,318</b>	<b>(32,192,500)</b>	<b>3,154,681</b>
<b>Balance at 1 July 2013</b>	<b>35,307,863</b>	<b>39,318</b>	<b>(32,192,500)</b>	<b>3,154,681</b>
Comprehensive loss for the year	-	-	(518,858)	(518,858)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(518,858)</b>	<b>(518,858)</b>
<i>Transactions with owners in their capacity as owners:</i>				
Issue of share capital, net of transaction costs	470,000	-	-	470,000
Options granted to Underwriter	(13,433)	13,433	-	-
<b>At 30 June 2014</b>	<b>35,764,430</b>	<b>52,751</b>	<b>(32,711,358)</b>	<b>3,105,823</b>

The above preliminary statement of changes in equity should be read in conjunction with the accompanying notes.

MUI Corporation Limited  
Other notes to the preliminary financial statements  
For the year ended 30 June 2014

**Note 1. Future Developments**

MUI Corporation Limited ("MUI") currently holds a call option to purchase 100% of the shares of JEMS Exploration Pty Ltd ("JEMS"), a company that owns four Exploration Permits for Coal in Queensland from AusAsia Energy Pty Ltd ("AusAsia"). As announced on ASX in July 2014, MUI has been reviewing options to develop the coal tenements held by JEMS and, given sustained depressed market conditions for coal and their effect particularly on the junior coal sector, MUI has explored a number of alternatives to maximise the value of the call option.

MUI has now agreed binding terms with AusAsia for the repayment of MUI's loan to AusAsia, and to relinquish MUI's call option to purchase JEMS, as follows:

1. AusAsia will pay MUI:
  - a non-refundable cash payment of \$1,200,000 by 5 December 2014 (\$160,000 of which was received in June 2014); and
  - \$4,800,000 in cash by 15 December 2015.
2. MUI will release its security upon the last of the above payments.
3. On payment of the \$1,200,000, the expiry date of the call option will extend to 15 December 2015. In addition, the Loan Facility Agreement (refer Note 3) will also extend to 15 December 2015.
4. Should the transaction not complete by 15 December 2015 with the payment of \$4,800,000, AusAsia will relinquish 30% of the shares in JEMS to a third party nominated by AusAsia and MUI will retain its option to acquire 70% of the shares in JEMS. In this event the security as mentioned above will continue (except to the extent of the 30% of shares in JEMS transferred to the party nominated by AusAsia).

The Company continues to explore opportunities for its film library, with discussions taking place with parties who can develop its potential for digital platforms, with a view to generating value from the asset.

**Note 2. Material factors affecting the revenues and expenses of the economic entity for the current period**

The directors of MUI Corporation Limited have reviewed the carrying value of assets as at 30 June 2014 and have determined that no impairment of these assets is required.

**Note 3. Financial Assets**

	2014 \$	2013 \$
<b>Current</b>		
Related Party Loan – AusAsia Energy Pty Ltd	1,040,000	3,499,089
Option fee	-	25,000
	<u>1,040,000</u>	<u>3,524,089</u>
<b>Non Current</b>		
Related Party Loan – AusAsia Energy Pty Ltd	<u>2,435,062</u>	-

# MUI Corporation Limited

## Other notes to the preliminary financial statements

For the year ended 30 June 2014

### Note 3. Financial Assets (continued)

During March 2014, the Call Option Deed to acquire all the issued capital of AusAsia Energy Pty Ltd ("AusAsia"), and its 100% owned subsidiary Jems Exploration Pty Ltd ("JEMS") was terminated and replaced with a Put and Call Option. JEMS holds the exploration rights over coal mining tenements in Queensland. To secure the Call Option, the Company had paid a \$50,000 option fee. The fee has been written off this year, on the basis that this Call Option has been terminated.

The new Put and Call Option entitles MUI to purchase the shares of JEMS for nil cash consideration, but in full satisfaction of the loan outstanding from AusAsia to MUI. The expiry date of the Put and Call Option is 15 December 2014, but will be extended to 15 December 2015 as noted in the agreement to relinquish MUI's call option which is discussed in Note 1 above.

The Company has also amended its Loan Facility Agreement providing a secured loan to AusAsia Energy Pty Ltd to fund exploration work. In summary, the Loan Facility Agreement provides the following:

- A loan facility amount of up to \$4,000,000 of which \$3,475,062 has been advanced as at 30 June 2014;
- Expiry date – 15 December 2014. This will be extended to 15 December 2015 as noted in Note 1 above;
- Security – The Company holds a general security over the assets of AusAsia Energy Pty Ltd and Jems Exploration Pty Ltd;
- Guarantees – Corporate guarantee by Jems Exploration Pty Ltd. Personal guarantee from an associate of AusAsia Energy Pty Ltd (Mr Domenic Martino) who unconditionally and irrevocably guarantees the payment of loan amount and any accrued or capitalised interest;
- The loan is interest free provided full repayment of the funds lent is made prior to the expiry date. Default interest accrues at 12% p.a.

### Note 4. NTA Backing

	2014	2013
Net tangible asset backing per ordinary share (cents per share)	0.09	0.13

### Note 5. Other information

This preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.



# MUI Corporation Limited

## Other notes to the preliminary financial statements

For the year ended 30 June 2014

### **Audit**

This report is based on accounts that are in the process of being audited. It is likely that the audit opinion for the 2014 financial year will contain an emphasis of matter, highlighting the inherent uncertainty as to whether the Company will be able to continue as a going concern and therefore, whether it will realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The preliminary financial report has been prepared on a going concern basis, notwithstanding the fact that for the year ended 30 June 2014 the company generated a loss after tax of \$518,858 (2013: loss \$552,588) and incurred net cash outflows from operations of \$431,973 (2013: cash outflows \$521,098). As at 30 June 2014 the company had available cash reserves of \$242,810 (2013: \$135,379).

For the 12 months from the date of this report, the Directors have determined that MUI Corporation Ltd is a going concern based upon the following:

- Control and reduction of costs, as and where appropriate, including the potential to place payments on hold;
- No long term leases, commitments or employee contracts;
- Ability to convert convertible note to equity at the Company's discretion;
- Ability to receive money under the agreement with AusAsia Energy Pty Ltd ("AusAsia") for the repayment of MUI's loan to AusAsia and to relinquish MUI's call option to purchase JEMS Exploration Pty Ltd (refer Note 1). If not received, the ability to exercise the Company's security relating to the AusAsia loan and liquidate the asset; and
- The ability of a listed entity to raise capital in the public capital market.

For these reasons, the Directors believe that the assumption of a going concern basis in the preliminary financial report is appropriate.