

ARTIST & ENTERTAINMENT GROUP LIMITED

ABN: 67 097 771 581

AND CONTROLLED ENTITIES

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2014**

CORPORATE DIRECTORY

Registered & Corporate Office

Level 2, 131 Macquarie Street
Sydney NSW 2000
Telephone: (02) 9258 9900
Facsimile: (02) 9247 6225

Board of Directors

Ross Hill (Chairman)
David Hickie
Siew Hong Koh
Graham Kavanagh (Executive Officer)
(Alternate to Siew Hong Koh)
John Carmody

Company Secretaries

Graham Kavanagh
Eric Kam

Bankers

National Australia Bank Limited
101-103 Pitt Street
Sydney NSW 2000

Lawyers

HWL Ebsworth Lawyers
Level 14 Australia Square
264-278 George Street
Sydney NSW 2000
Telephone: 02 9334 8555

ASX Code – AEM

Artist & Entertainment Group Limited shares are listed on the Australian Securities Exchange.

Share Registry

Computershare Investor Services Pty Limited
Computershare Investor Services
Yarra Falls, 452 Johnston St
Abbotsford, VIC, 3067
Telephone: 03 9415 4000
Facsimile: 03 9473 2500

Auditors

Pitcher Partners
Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Telephone: 02 9221 2099
Facsimile: 02 9223 1762

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Corporate Governance Review 2014

ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed The Corporate Governance Principles and Best Practice Recommendations ("ASX Principles") released by the ASX Corporate Governance Council. The ASX requires the Board to carefully consider the development and adoption of the appropriate corporate governance policies and practices founded on the ASX Principles.

The extent to which the Company has complied with each of the principles during the year is detailed below.

Principle	Details	Comments
1.	Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Complies
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Information is provided in the Directors' Report section of Annual Report 2014
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	
2.	Structure the Board to add value	
2.1	A majority of the Board should be independent directors.	The Board structure complies with this principle. The Company is undergoing a process of change in business direction and can be more efficiently managed through a smaller board. A majority of the directors are independent non-executive directors. Appointment of new directors are made and considered by the Board as a whole having regard to the skill base of current directors, the requirements of the Company and the candidate's commercial experience, knowledge, skills and other qualities.
2.2	The chair should be an independent director.	
2.3	The roles of the chair and chief executive officer should not be exercised by the same individual.	
2.4	The Board should establish a nomination committee.	
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	
3.	Promote ethical and responsible decision-making	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> the practices necessary to maintain confidence in the company's integrity the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Complies The Company recognises the need for directors, employees and consultants to observe the highest standard of behaviour and business ethics. All directors, employees and senior consultants are required to act in accordance with the law and the highest standard of propriety.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress towards achieving them.	As disclosed in reporting on Principle 2, the Company is still in a process of change. Upon the completion of a change strategy, the Board will review the requirements and establish a policy concerning gender diversity.

3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women in the board.	The Company will evaluate in future Annual Reports how this can be met in considering future board and key executive appointments
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	
4.	Safeguard integrity in financial reporting	
4.1	The Board should establish an audit committee.	
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the Board; and • has at least three members. 	The Board does not comply with 4.1 at present by the establishment of separate Audit Committee. This function is undertaken by the full Board.
4.3	The audit committee should have a formal charter.	
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	
5.	Make timely and balanced disclosure	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies	The Company has established procedures designed to ensure compliance with the ASX listing rules that facilitate company announcements be made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	The Board approves all disclosures necessary to ensure compliance with ASX listing rules disclosure requirements. A new Company website is in preparation and expects to be ready on commencement of the new business. The established policies can then be viewed on the website. This change will also ensure better accountability at a senior management level for ASX compliance.
6.	Respect rights of shareholders	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose its policy or a summary of that policy	The Company has yet to implement a formal "Communication Strategy" due to transitional change but has maintained and satisfied the requirements for continuous disclosure to promote effective communication with shareholders, subject to privacy laws and the need to act in the best interest of the Company.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	The Company's policy on communication with shareholders will be set up in the Company's proposed website.

7	Recognise and manage risk	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Complies
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Policy decisions are considered and made by the Board as a whole during the period of transitional change in its business direction.
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board and its Executive Officer took responsibility to ensure a sound system of risk management and internal control, and that the system continued to operate effectively in all material respects in relation to financial reporting risks.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Complies Will update any change in the Code of Conduct on its proposed website and in annual reporting.
8.	Remunerate fairly and responsibly	
8.1	The Board should establish a remuneration committee.	No remuneration committee exists and the present small Board assumes responsibility for the remuneration policy of the Company.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	This recommendation will be re-visited upon the completion of the change in its business direction in the presence of a larger management team and non-executive directorship.
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Further information to be provided in the Remuneration Policy section of the Annual Report 2014.

DIRECTORS' REPORT

The directors present their report together with the financial statements of the consolidated entity consisting of Artist & Entertainment Group Limited and the entities it controlled, for the financial year ended 30 June 2014.

Principal Activities

The consolidated entity is in transition to a change in its business direction. The current activities are focussed in the exploration, development and mining in the energy and related resources sector.

The change of business direction will be accompanied with a change of name of the consolidated entity. Subject to shareholders' approval, the consolidated entity will change its name to reflect the nature of its new core activities in conjunction with the proposed acquisition of the Wailawi Oil & Gas Project.

Results

The consolidated profit/(loss) after income tax attributable to the members of Artist & Entertainment Group Limited was a loss of \$906,434 (2013: \$1,762,802 loss).

Review of Operations

During the year under review, revenue from ordinary activities including income derived from short term investments totalled \$61,593 (2013: \$44,884).

The Company has throughout the reporting period consistently worked on the plan to take on a major interest in the Wailawi Oil & Gas Project in Indonesia through the acquisition of Centre Energy Petroleum Limited (CEP). The process has taken much longer than anticipated. Most recently, this has been attributed to the restructure and re-organisation of SKK Migas, the Oil and Gas Authority in Indonesia; and the issue of new regulations by SKK Migas which has required the preparation and lodgement of additional information and documentation with SKK Migas to obtain the necessary SKK Migas approval prior to the Company's acquisition of an interest in the Wailawi Project.

The acquisition of CEP, a Hong Kong registered company is subject to obtaining shareholders' approval of the Company at a general meeting

- for the purchase consideration of CEP for \$12.8m through the issue of shares;
- the consolidation of the shares of the Company to \$0.20 per share;
- the issue of a prospectus to raise a minimum of \$3.5 million and a maximum of \$5 million to fund development and exploration; and
- the change of the Company's name to "Enhanced Oil & Gas Recovery Limited" (new ASX code EOR).

A joint venture company in Indonesia has been registered as the operating entity to undertake the Wailawi Oil & Gas Project following the grant of final approvals of the Indonesian regulatory authorities including the Indonesia Investment Coordinating Board (BKPM) and the Ministry of Law. Under the proposed arrangement, CEP would be entitled to 80% economic interest in the joint venture company PT Benuo Taka Wailawi.

CEP had advised that all conditions precedent to the release of the Cooperation Agreement by SKK Migas have been satisfied, including the payment of the \$200,000 signing fee and US\$1,500,000 performance guarantee.

During the year, the Company raised \$527,050 through the issue of converting notes of which \$84,150 of the total amount in face value of notes were converted into 6,510,000 fully paid ordinary shares upon approval by shareholders on 26 November 2013. The shares issued were unquoted and potentially subject to ASX imposed escrow conditions.

The company incurred the sum of \$153,967 on various technical, financial and legal advice, including travel expenses, in relation to the proposed operating and equity structure of the Wailawi Oil & Gas Project. As Centre Energy Petroleum Limited (CEP) is the party that will be acquiring the interest in the project, and has been reviewing and acting on this advice, it has been agreed between AEM and CEP that CEP will reimburse the Company for these costs in full. This amount is included as a Receivable in the Statement of Financial Position as at 30 June 2014. This amount will be recovered following entering into the Wailawi Project.

With the approval of shareholders at the Annual General Meeting, the Company issued 143,599,999 fully paid ordinary shares for the mandatory conversion of 143,599,999 converting notes for total value of \$1,729,230. The newly issued shares are not quoted with ASX until the Company issues a prospectus and re-lists the Company compliant to ASX Chapters 1 & 2 of the listing rules.

After Balance Date Events

The Company and CEP has with the advice of its Indonesian legal advisors lodged the additional information and documentation requested by SKK Migas. Upon completion of the verification process, the assignment of the Cooperation Agreement to the joint venture company that has been established in Indonesia will be formally approved by SKK Migas.

A total of 18,950,000 converting notes were issued on 30 September 2014 in respect of the subscriptions monies received on or before 30 June 2014 for \$136,400 and a further subscription of \$91,000 was received from sophisticated investors up until 30 September 2014.

Likely Developments

Upon the approval of the assignment of the Cooperation Agreement to the joint venture company PT Benuo Taka Wailawi by SKK Migas, the Company will proceed to acquire the interest in the Wailawi Oil & Gas Project by acquiring the entire issued share capital of CEP subject to shareholder approval.

The Company will progress to issue a prospectus and re-listing the Company compliant to ASX chapters 1 & 2 of the listing rules.

Environmental Regulation

The consolidated entity's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

Dividend Paid, Recommended and Declared

No dividends were paid, declared or recommended since the start of the financial year.

Shares Under Option

There are no unissued ordinary shares of Artist & Entertainment Group Limited under option at the date of this report.

Indemnification and Insurance of Directors, Officers and Auditors

During the financial year, the consolidated entity paid an insurance premium amounting to \$22,980 insuring all the directors and the officers against allegations of wrongful acts in the management of the affairs of the company and allegations of unfair dismissal, harassment or discrimination.

Proceedings on Behalf of the Consolidated Entity

There is no impending legal proceeding for the reporting period.

Information on Directors and Company Secretary

The qualifications, experience and special responsibilities of each person who has been a director of Artist & Entertainment Group Limited at any time during or since the end of the financial year is provided below, together with details of the company secretary as at the year end.

Ross Hill B Legal Non-Executive Director/Chairman	<p>Ross Hill is an experienced lawyer with combined 20 years of business and professional experience. He has developed extensive practical legal experience in Australia and throughout South East Asia and has therein provided extensive advisory services to a wide range of highly reputed clients.</p>
DingMin Wei BSc Non-Executive Director (resigned 26May 2014)	<p>Mr Wei is an engineer with over 40 years experience in the oil and gas industry, including the engineering and production management in enhanced oil recovery and production technologies associated with heavy oil thermal production, down-hole engineering and well testing.</p> <p>He holds a Bachelor of Science degree from Daqing Petroleum Institute in the Peoples' Republic of China. He is also the Vice President of the China National Petroleum Standard Technology Committee.</p>
John Carmody BSc MA Dip Ed MAusIMM MPESA MAAPG Non-Executive Director (appointed 26May 2014)	<p>John Carmody is a professional geologist of over 30 years' experience in oil & gas exploration and production, including coal seam methane.</p> <p>John is the former President of the Australian Petroleum Society.</p>
Siew Hong Koh BSc Non-Executive Director	<p>Mr S H Koh is a Director of a number of companies involved in investments in property, technology, energy and mining resources. He has over 20 years of commercial experience in public and private companies.</p>
David Hickie C. Bus (Acct) NIA Non-Executive Director	<p>David Hickie has over 40 years experience in banking, finance and funds management. His current business involvement is in introducing family income management budgeting and micro finance software to Indonesian Regional Banks and to Indigenous Australia in cooperation with his venture partners in Malaysia.</p> <p>He is a director of Venture Axxess Group Limited.</p>
Graham Kavanagh B.Comm. ASIA Alternate Director to Siew Hong Koh Executive Officer Joint Company Secretary	<p>Mr. Kavanagh has an extensive background over more than 25 years in securities and fund management, property investment and development as well as earlier experience in the Department of Mines.</p> <p>He has held senior positions as securities analyst, general manager and director in fund management and property investment.</p>
Eric Kam FCPA FCMA MBA MAICD Joint Company Secretary	<p>Eric Kam has extensive experience in finance and operations management across diverse businesses and industries in engineering, construction, mining & resources, technology, finance, marketing and distribution. He is involved in corporate change and listing of companies, and is on the board of several other companies.</p>

Directors' Meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Board of Directors		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Ross Hill	2	2	-	-
DingMin Wei	1	0	-	-
John Carmody	0	0	-	-
Siew Hong Koh	2	2	-	-
David Hickie	2	2	-	-

Directors' Interests in Shares or Options

Directors' relevant interests in shares of Artist & Entertainment Group Limited or options over shares in the company (*or a related body corporate*) are detailed below.

Directors' relevant interests in Ordinary Shares of Artist & Entertainment Group Limited

	Direct	Indirect
Ross Hill	-	^{#1} 30,606,060
Siew Hong Koh	7,278,352	^{#2} 47,950,000
TOTAL:	7,278,352	78,556,060

^{#1 & #2} Includes 11,666,666 and 37,000,000 ordinary shares respectively that are not quoted (AEMA shares) and potentially subject to ASX imposed escrow conditions.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Non-Audit Services

Non-audit services are approved by the board of directors. Non-audit services provided by the auditors of the consolidated entity during the year, Pitcher Partners, are detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Amounts paid or payable to an auditor for non-audit services provided during the year by the auditor to any entity that is part of the consolidated entity for:	2014	2013
	\$	\$
Taxation services	-	-
Other	-	-

Remuneration Report**Remuneration Policies**

The board policy for determining the nature and amount of remuneration of key management personnel is agreed by the board of directors as a whole. The board obtains professional advice where necessary to ensure that the company attracts and retains talented and motivated directors and employees who can enhance company performance through their contributions and leadership.

Further information on remuneration policies of the consolidated entity is found in the Corporate Governance Review Statement 2014 on page 3 to 5 of this report.

Directors' Remuneration

During the year, no directors received any remuneration by way of salaries or directors' fee. The directors were paid for services rendered to the consolidated entity through the director related entities or professional services establishment. This service arrangement will continue until such time Artist & Entertainment Group Limited has completed its re-structure and ready for re-listing with the ASX compliant to chapter 1 and 2 of the listing rules.

The deviation in remuneration policy is disclosed in the Corporate Governance Review 2014 in respect of Principle 8 to remunerate fairly and responsibly.

A detailed report on the value of services rendered directly or indirectly by the directors is disclosed in note 23 of this report.

Other than professional or consulting services rendered by entities connected to the directors, no directors received any remuneration from the consolidated entity during the financial year to 30 June 2014.

Executives' Remuneration

During the year, the Company had no direct employment of any executive staff. Executive services rendered to the consolidated entity were through the directors' related entities or professional establishment. This service arrangement will continue until such time Artist & Entertainment Group Limited has completed its re-structure in the change of its business direction and ready for re-listing with the ASX compliant to chapter 1 and 2 of the listing rules.

The value of services rendered by Graham Kavanagh, Executive Officer and Eric Kam, Company Secretary are disclosed in note 23 of this report.

Signed in accordance with a resolution of the directors.



Siew Hong Koh
Director
Sydney

30 September 2014

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Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle

ARTIST & ENTERTAINMENT GROUP LIMITED AND CONTROLLED ENTITIES
ABN 67 097 771 581

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ARTIST & ENTERTAINMENT GROUP LIMITED

In relation to the independent audit for the year ended 30 June 2014, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.



DEBORAH CARTWRIGHT

Partner



PITCHER PARTNERS

Sydney

Date: 30 September 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2014

	Notes	Consolidated Entity 2014 \$	2013 \$
Revenue			
Revenue from the rendering of services	4	-	-
Other income	4	61,593	44,884
		<u>61,593</u>	<u>44,884</u>
Less: Expenses			
Consulting and Temporary Staff Costs		(432,207)	(536,796)
Property and Occupancy		(58,890)	(58,212)
Impairment of financial assets	5	(84,065)	(745,000)
IT & T		(1,419)	(1,443)
Depreciation expenses	5	-	(987)
Finance costs	5	(2,511)	(1,917)
Legal Fee		-	-
Corporate and listing costs		(309,554)	(282,841)
Other expenses		(84,633)	(180,490)
		<u>(973,279)</u>	<u>(1,807,686)</u>
(Loss) before income tax from continuing operations		(911,686)	(1,762,802)
Income tax expense (income tax benefit)	6	-	-
(Loss) from continuing operations		(911,686)	(1,762,802)
Profit (loss) from discontinued operations	8	5,252	-
Profit (loss) for the year		(906,434)	(1,762,802)
Other comprehensive income for the year net of tax		-	-
Total comprehensive income/(loss) for the year attributable to the members of the parent entity		<u>(906,434)</u>	<u>(1,762,802)</u>
Earnings per share from profit from continuing operations:			
Basic earnings per share	20	(0.16¢)	(0.38¢)
Diluted earnings per share	20	(0.15¢)	(0.29¢)
Earnings per share from profit from discontinued operations:			
Basic earnings per share	20	(0.00¢)	(0.00¢)
Diluted earnings per share	20	(0.00¢)	(0.00¢)
Earnings per share from continuing and discontinued operations:			
Basic earnings per share	20	(0.16¢)	(0.38¢)
Diluted earnings per share	20	(0.15¢)	(0.28¢)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2014

	Notes	Consolidated Entity	
		2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	9	268,195	809,538
Receivables	10	177,078	49,997
Other current assets	11	20,235	20,235
TOTAL CURRENT ASSETS		465,508	879,770
NON-CURRENT ASSETS			
Property, plant and equipment	12	1	1
Other financial assets	13	39,952	14,430
TOTAL NON-CURRENT ASSETS		39,953	14,431
TOTAL ASSETS		505,461	894,201
CURRENT LIABILITIES			
Payables	14	415,754	396,377
Borrowings	15	15,321	17,702
TOTAL CURRENT LIABILITIES		431,075	414,079
TOTAL LIABILITIES		431,075	414,079
NET ASSETS		74,386	480,122
EQUITY			
Issued capital	16	11,224,471	10,723,773
Accumulated losses	17	(11,150,085)	(10,243,651)
TOTAL EQUITY		74,386	480,122

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2014

Consolidated Entity	Contributed equity \$	Retained earnings \$	Total Equity \$
Balance as at 30 June 2012	9,137,163	(8,480,849)	656,314
(Loss) for the year	-	(1,762,802)	(1,762,802)
Total comprehensive income for the year	-	(1,762,802)	(1,762,802)
Transactions with owners in their capacity as owners:			
Contributions, net of costs	1,586,610		1,586,610
	1,586,610	-	1,586,610
Balance as at 30 June 2013	10,723,773	(10,243,651)	480,122
(Loss) for the year	-	(906,434)	(906,434)
Total comprehensive income for the year	-	(906,434)	(906,434)
Transactions with owners in their capacity as owners:			
Contributions, net of costs	500,698		500,698
	500,698	-	500,698
Balance as at 30 June 2014	11,224,471	(11,150,085)	74,386

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2014

	Notes	Consolidated Entity	
		2014	2013
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(989,154)	(900,758)
Interest received		8,555	5,459
Borrowing costs		(2,511)	(1,917)
Net cash provided by / (used in) operating activities	18(a)	(983,110)	(897,216)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		220,915	507,195
Payment for property, plant and equipment		-	-
Payment for investments		(277,464)	(4,200)
Payment for other non-current assets		-	-
Net cash provided by / (used in) investing activities		(56,549)	502,995
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		-	-
Proceeds from borrowings/deposit & bonds		525,838	1,135,691
Repayment of borrowings/deposit & bonds		(27,522)	(26,298)
Net cash provided by / (used in) financing activities		498,316	1,109,393
Net increase / (decrease) in cash and cash equivalents		(541,343)	715,172
Cash and cash equivalents at beginning of year		809,538	94,366
Cash and cash equivalents at end of the year	18(b)	268,195	809,538

The accompanying notes form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements cover Artist & Entertainment Group Limited and controlled entities as a consolidated entity. Artist & Entertainment Group Limited is a company limited by shares, incorporated and domiciled in Australia. Artist & Entertainment Group Limited is a for-profit entity of the purpose of preparing the financial statements.

The financial statements were authorised for issue by the directors at the date of the directors' report.

The following is a summary of material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with Australian equivalent International Financial Reporting Standards ensures compliance with International Financial Reporting Standards (IFRSs).

Historical Cost Convention

The financial statements have been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes on assets as described in the accounting policies.

(b) Going concern

The financial statements have been prepared on a going concern basis.

The consolidated entity has in the year to 30 June 2014 raised in total \$527,050 through the issue of converting notes of which \$84,150 of the notes were converted into 6,510,000 fully paid ordinary shares (AEMA shares) upon approval by shareholders on 26 November 2013. The AEMA shares are not quoted and potentially subject to ASX imposed escrow conditions.

Upon the completion of the legally binding agreements relating to the Wailawi Oil & Gas Project in Indonesia, the Company will proceed to issue a prospectus and re-listing the Company compliant to ASX chapters 1 & 2 of the listing rules.

It should be noted that the Company's ability to continue as a going concern is dependent on the ability to raise funds as required to meet its obligations.

A total of 18,950,000 converting notes were issued on 30 September 2014 in respect of the subscriptions monies received on or before 30 June 2014 for \$136,400 and a further subscription of \$91,000 was received from sophisticated investors up until 30 September 2014.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which the parent has the power to control the financial and operating policies so as to obtain benefits from its activities.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Principles of consolidation (cont'd)

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are fully consolidated from the date on which control is established. They are de-consolidated from the date that control ceases.

Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

(d) Revenue

Revenue from the provision of services to customers is recognised upon delivery of the service to the customer.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

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

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the company will not be able to collect the debt.

(g) Property, plant and equipment

Plant and equipment are stated at cost less depreciation and any accumulated impairment losses.

Depreciation

The depreciable amounts of all fixed assets are depreciated over their estimated useful lives on a straight line basis commencing from the time the asset is held ready for use.

The useful lives for each class of assets are:

	2014	2013
Plant and equipment:	2 to 20 years	2 to 20 years

(h) Intangibles

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the consolidated entity's share of net identifiable assets of the acquired entities at the date of acquisition.

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Research and development

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost of the intangible asset over its estimated useful life commencing when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

(i) Impairment

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise indicates that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(j) Income tax

Current income tax expense is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(k) Provisions

Provisions are recognised when the consolidated entity 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.

(l) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Borrowing costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset are capitalised until the asset is ready for its intended use or sale.

(n) Financial instruments

Classification

The group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial instruments at initial recognition.

Non-derivative financial instruments

Non-derivative financial instruments consist of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit and loss. After initial recognition, non-derivative financial instruments are measured as described below.

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(o) Foreign currencies translations and balances

Functional and presentation currency

The financial statements of each of the consolidated entity's entities are 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 consolidated entity's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or restatement is recognised as revenues and expenses for the financial year.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Transactions and balances (cont'd)

Entities that have a functional currency different to the 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 actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised as a separate component of equity.

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST 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 statement of financial position are shown inclusive of GST.

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

(q) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(r) New accounting standards and interpretations

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Group's financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Group's financial statements.

AASB 2013-3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements.

AASB 2013-4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-4 makes amendments to AASB 139: *Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Group's financial statements.

AASB 2013-5: *Amendments to Australian Accounting Standards – Investment Entities* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-5 amends AASB 10: *Consolidated Financial Statements* to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the Group's financial statements.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

(a) Classification of assets and liabilities as held for sale

The Group classifies assets and liabilities as held for sale when the carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Group must be committed to selling the asset either through the entering into a contractual sale agreement or the activation and commitment to a program to locate a buyer and dispose of the assets and liabilities.

(b) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events.

Receivables

The directors have assessed the recoverability of the receivable as at balance date and considered the performance bond lodged on behalf of CEP, and financed by related parties, as evidence of financial capacity to settle the receivable in full following completion of all conditions precedent and the entering into of the Wailawi Project

NOTE 3: FINANCIAL RISK MANAGEMENT

The consolidated entity is exposed to a variety of financial risks comprising:

- (a) Interest rate risk
- (b) Credit risk
- (c) Liquidity risk
- (d) Currency risk

The board of directors has overall responsibility for identifying and managing operational and financial risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The exposure to interest rate risks in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Consolidated Entity

Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate	Fixed / variable rate
2014	\$	\$	\$	%	
<i>(i) Financial assets</i>					
Cash	268,195	-	268,195	1.90%	Variable
Trade and other receivables	-	177,078	177,078	0%	
Total financial assets	268,195	177,078	445,273		
<i>(ii) Financial liabilities</i>					
Payables	-	415,754	415,754	0%	
Borrowings	15,321	-	15,321	26.57%	Fixed
Total financial liabilities	15,321	415,754	431,075		
2013	\$	\$	\$	%	
<i>(i) Financial assets</i>					
Cash	809,538	-	809,538	2.48%	Variable
Trade and other receivables	-	70,232	70,232	0%	
Total financial assets	809,538	70,232	879,770		
<i>(ii) Financial liabilities</i>					
Payables	-	396,377	396,377	0%	
Borrowings	17,702	-	17,702	19.54%	Fixed
Total financial liabilities	17,702	396,377	414,079		

NOTE 3: FINANCIAL RISK MANAGEMENT(cont'd)

Sensitivity

If interest rates were to increase/decrease by 1% from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	Notes	Consolidated Entity	
		2014	2013
+/- 1%		\$	\$
Impact on profit after tax		2,682	8,095
Impact on equity		2,682	8,095

(b) Credit risk exposures

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

The consolidated entity has a material credit risk exposure in the receivables from Centre Energy Petroleum Limited (CEP). The directors have assessed the recoverability of the receivable as at balance date and considered the performance bond lodged on behalf of CEP, and financed by related parties, as evidence of financial capacity to settle the receivable in full following the full completion of all conditions precedent and the entering into of the Wailawi Project.

The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

All financial instruments are expected to be settled within 6 months. Management are tightly controlling cash flows in respect of the discontinued businesses and intend to raise equity to fund new business opportunities as disclosed in this financial report.

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Forward exchange contracts are entered into in order to buy and sell specified amounts of foreign currency in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect against unfavourable exchange rate movements for both the contracted and anticipated transactions undertaken in foreign currencies.

The accounting policy for forward exchange contracts is detailed in Note 1(n).

At balance date, there no outstanding forward exchange contract.

	Notes	Consolidated Entity	
		2014	2013
		\$	\$
NOTE 4: REVENUE			
Revenues from continuing operations			
<i>Other income</i>			
Interest		8,555	5,459
Gain on disposal of financial assets		41,173	31,195
Gain from revaluation of financial assets		11,865	8,230
Revenue from the rendering of services		-	-
		61,593	44,884

NOTE 5: PROFIT/(LOSS) FROM CONTINUING OPERATIONS

Profit/(loss) from continuing operations before income tax has been determined after the following specific expenses:

<i>Depreciation of non-current assets</i>			
Plant and equipment		-	987
<i>Total depreciation of non-current assets</i>		-	987
 <i>Impairment of Financial Assets</i>			
		84,065	745,000
 <i>Finance costs expensed</i>			
Bank loans and overdrafts		-	-
Other loans		2,511	1,917
<i>Total finance costs expensed</i>		2,511	1,917

NOTE 6: INCOME TAX

The company incurred an income tax loss for the year and therefore no income tax is payable. A deferred tax asset is only recognised when it is probable that future taxable amounts will be available to utilise those losses.

Prior year losses of controlled entities will not be utilised as those entities have been placed into administration or in liquidation. In addition, management are not able to state conclusively, at this stage of transformation of the company, that future taxable amounts will be available.

It is noted that the company may not satisfy the requirements to carry forward the available tax losses so it is not able to reliably measure tax losses that may be available to be carried forward.

NOTE 7: DIVIDENDS

No dividends were paid or declared during the year. (2013: nil)

NOTE 8: DISCONTINUED OPERATION

a) The consolidated financial statements include results of the discontinued operations of Artist & Entertainment Group Management Pty Ltd (AEGM) in which its core business activities were disposed in October 2008. AEGM was placed under voluntary administration, later liquidated in 2009. The amount disclosed in discontinued operations were those final income tax obligations relating to period up to the time of liquidation.

b) The results of the discontinued operation are presented below:

Notes	Consolidated Entity	
	2014	2013
	\$	\$
(i) Financial performance information		
Revenue	5,252	-
Expenses (including head office and impairment costs)	-	-
Profit/(Loss) before income tax	5,252	-
Income tax expense	-	-
<i>Profit/(Loss) after income tax of discontinued operations</i>	<i>5,252</i>	<i>-</i>
(ii) Cash flow information		
Net cash provided by / (used in) operating activities	5,252	-
<i>Net cash flow</i>	<i>5,252</i>	<i>-</i>
(iii) Carrying amount of assets and liabilities		
Assets		
Non-current assets classified as held for sale	-	-
Liabilities		
Liabilities directly associated with non-current assets classified as held for sale	-	-
Net assets/liabilities attributable to discontinued operations	-	-

NOTE 9: CASH AND CASH EQUIVALENTS

Cash at bank	268,195	809,538
	268,195	809,538

NOTE 10: RECEIVABLES

	Notes	Consolidated Entity
		2014
		2013
		\$
		\$
CURRENT		
Trade receivables		177,078
		49,997
		177,078
		49,997

The company incurred the sum of \$153,967 on various technical, financial and legal advice, including travel expenses, in relation to the proposed operating and equity structure of the Wailawi Oil & Gas Project. As Centre Energy Petroleum Limited (CEP) is the party that will be acquiring the interest in the project, and has been reviewing and acting on this advice, it has been agreed between AEM and CEP that CEP will reimburse the Company for these costs in full. This amount is included as a Receivable in the Statement of Financial Position as at 30 June 2014.

The directors have assessed the recoverability of the receivable as at balance date and considered the performance bond lodged on behalf of CEP, and financed by related parties, as evidence of financial capacity to settle the receivable in full following the full completion of all conditions precedent and entering into of the Wailawi Project.

(a) Provision for impairment

Trade receivables are non interest bearing. An impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

There is no impairment loss during the year.

(b) Trade receivables ageing analysis at 30 June is:

	Gross	Impairment	Gross	Impairment
	2014	2014	2013	2013
	\$	\$	\$	\$
Not past due	23,111	-	49,997	-
Past due 31-60 days	-	-	-	-
Past due 61-90 days	-	-	-	-
Past due more than 91 days	153,967	-	-	-
	177,078	-	49,997	-

(c) Payment deferral

Included in the trade receivables is a claim of \$153,967 against Centre Energy Petroleum Limited in which deferral of settlement has been agreed until such time the assignment of the Cooperation Agreement in respect of the Wailawi Oil & Gas Project has been approved by SKK Migas.

NOTE 11: OTHER CURRENT ASSETS

	Notes	Consolidated Entity
		2014
		2013
		\$
		\$
Prepayments		20,235
		20,235
		20,235
		20,235

NOTE 12: PROPERTY PLANT AND EQUIPMENT

	Notes	Consolidated Entity
		2014
		2013
		\$
		\$
<i>Computer/IT & Telecommunication</i>		
At cost		10,218
Accumulated depreciation		(10,217)
Total property, plant and equipment		1

Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

<i>Computer/IT & Telecommunication</i>		
Carrying amount at beginning of year	1	988
Additions	-	-
Depreciation expense	-	(987)
Carrying amount end of year	1	1
Total Property, Plant & Equipment	1	1

NOTE 13: OTHER FINANCIAL ASSETS

Shares in Tiger Energy Limited at cost	745,000	745,000
Provision for impairment	(745,000)	(745,000)
Investment (listed securities) at market value	39,952	14,430
	39,952	14,430

NOTE 14: PAYABLES

CURRENT

Trade payables	415,754	396,377
	415,754	396,377

NOTE 15: BORROWINGS

CURRENT

Instalment Loan	15,321	17,702
	15,321	17,702

NOTE 16: ISSUED CAPITAL

	Notes	Consolidated Entity	
		2014	2013
		\$	\$
(a) issued and paid up capital			
Ordinary shares fully paid		10,066,571	8,363,693
Cancelled Converting Notes		715,000	715,000
Converting notes		442,900	1,645,080
Total		11,224,471	10,723,773

(b) Movements in shares on issue

	Parent Equity	
	2014	
	No of Shares	\$
Beginning of the financial year	492,393,389	8,363,693
Issued during the year ⁺	<u>143,599,999</u>	<u>1,702,878</u>
End of the financial year	<u>635,993,388</u>	<u>10,066,571</u>

⁺ *Shares issued are not quoted and potentially subject to ASX imposed escrow conditions.*

The total number of ordinary shares (AEM) quoted on ASX as at 30 June 2014 is 409,810,055. All new securities issued by the Company are potentially subject to ASX imposed escrow conditions and is not traded as listed security. The total number of unquoted ordinary shares (AEMA) as at 30 June 2014 is 226,183,333.

The market value of the quoted ordinary Artist & Entertainment Group Limited shares closed on 30 June 2014 at \$0.013 (30 June 2013: \$0.020).

(c) Movements in cancelled converting notes

	Parent Equity	
	2013	
	No of Notes	\$
Cancellation during the year	<u>59,583,333</u>	<u>715,000</u>
End of the financial year	<u>59,583,333</u>	<u>715,000</u>
2014		
	Parent Equity	
	2014	
	No of Notes	\$
Beginning of the financial year	<u>59,583,333</u>	<u>715,000</u>
End of the financial year	<u>59,583,333</u>	<u>715,000</u>

The cancellation of 59,583,333 converting notes on 28 June 2013 was a result of an agreement with Union Pacific Trading Pty Ltd (UPT) to satisfy its obligations to buy back the TEL convertible notes in Tiger Energy Limited (TEL) as a result of certain conditions not being met. Under the requirements of the applicable accounting standards the paid up value of the converting notes cancelled by the Company remains within equity and a separate category called "Cancelled Converting Notes" has been created and the amount applicable to the notes cancelled of \$715,000 allocated to this account.

NOTE 16: ISSUED CAPITAL (cont'd)

(d) Movements in converting notes

	No of Notes	\$
Beginning of the year	137,089,999	1,645,080
Issued during the year	43,335,000	527,050
Converted to shares during the year	(143,599,999)	(1,729,230)
End of the financial year	<u>36,825,000</u>	<u>442,900</u>

The converting notes issued during the year are within the price range of \$0.012 to \$0.015 per note and conversion into ordinary shares are on the basis of one fully paid ordinary shares for each note, subject to shareholders' approval at a general meeting.

Converting notes are issued to parties

- i. who are related to the consolidated entity whereby the issue of shares or conversion of notes into shares are subject to prior approval by shareholders;
- ii. whereby the total issue if in ordinary shares may exceed the threshold as set out in the guidelines under ASX rule 7.1.

(e) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called.

(f) Share Options

During or since the end of the financial year, no options (2013: Nil) have been granted.

As at end of the financial year, there is no outstanding balance of unissued ordinary shares under option.

(g) Capital Management

When managing capital, management's objective is to ensure the consolidated entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and its cashflows.

During 2014, no dividends were paid. (2013: \$nil).

NOTE 17: RESERVES AND ACCUMULATED LOSSES

	Notes	Consolidated Entity	
		2014	2013
		\$	\$
(a) Accumulated losses			
Balance at the beginning of year		(10,243,651)	(8,480,849)
Total comprehensive income/(loss) attributable to members of Artist & Entertainment Group Limited		<u>(906,434)</u>	<u>(1,762,802)</u>
Total available for appropriation		(11,150,085)	(10,243,651)
Dividends paid		<u>-</u>	<u>-</u>
Balance at end of year		<u>(11,150,085)</u>	<u>(10,243,651)</u>

NOTE 18: CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with profit after income tax

	Notes	Consolidated Entity	
		2014 \$	2013 \$
Profit /(loss) for the year		(906,434)	(1,762,802)
Depreciation of non-current assets		-	987
Gain on disposal of financial assets		(41,172)	(31,195)
Gain on revaluation of financial assets		(11,865)	(8,230)
Impairment of financial assets		84,065	745,000
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses			
(Increase)/decrease in assets			
- Current receivables		(127,081)	(34,789)
- Other current assets		-	(1,781)
- Non-current receivables		-	-
Increase/(decrease) in liabilities			
- Current payables		19,377	195,594
Net cash (used in) operating activities		(983,110)	(897,216)

(b) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:

- Cash at bank	268,195	809,538
Closing cash balance	<u>268,195</u>	<u>809,538</u>

(c) Credit stand-by arrangements with banks

As at 30 June 2014 the consolidated entity and parent entity have no credit stand-by arrangement and loan facilities.

NOTE 19: COMMITMENTS AND CONTINGENCIES

	Notes	Consolidated Entity
		2014 2013
Commitments		
Provision of performance bond upon completion of legally binding contract in respect of the Wailawi Oil & Gas Project in Indonesia		- 1,500,000

This obligation is no longer required following the lodgement of the performance bond by PT Benuo Taka Wailawi and CEP in accordance to the terms of the Cooperation Agreement and requirements set out by the Indonesian Oil & Gas Authority, SKK Migas.

NOTE 20: EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share

	Notes	Consolidated Entity 2014	2013
(Loss) from continuing operations		(911,686)	(1,762,802)
Profit/(loss) from discontinued operations		5,252	-
Profit used in calculating basic earnings per share		<u>(906,434)</u>	<u>(1,762,802)</u>
Earnings used in calculating diluted earnings per share		<u>(906,434)</u>	<u>(1,762,802)</u>
No of Shares			
Weighted average number of ordinary shares used in calculating basic earnings per share		574,225,717	467,956,960
Effect of dilutive securities:			
Converting Notes		36,825,000	137,089,999
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share		<u>611,050,717</u>	<u>605,046,959</u>

NOTE 21: DIRECTORS' AND EXECUTIVES' EQUITY HOLDINGS

(a) Number of shares held by key management personnel

	Balance[^] 1/07/13	Net change Other	Balance^{^#} 30/06/14
Directors			
Siew Hong Koh	18,228,352	37,000,000	55,228,352
Ross Hill	30,606,060	-	30,606,060
	<u>48,834,412</u>	<u>37,000,000</u>	<u>85,834,412</u>

[^] Combined shares held directly and indirectly.

[#] Including unquoted ordinary shares potentially subject to ASX imposed escrow conditions.

(b) Other securities held by key management personnel

There are no other securities held by key management personnel.

NOTE 22: AUDITOR'S REMUNERATION

	Notes	Consolidated Entity	
		2014	2013
		\$	\$
Amounts received or due and receivable by Pitcher Partners for:			
An audit or review of the financial report of the entity and any other entity in the consolidated entity		44,500	36,000
Other non-audit services			
– Taxation services		-	-
		44,500	36,000

NOTE 23: RELATED PARTY DISCLOSURES

(a) The consolidated financial statements include the financial statements of Artist & Entertainment Group Limited and its controlled entities listed below:

	Country of Incorporation	Percentage Owned	
<i>Parent Entity:</i>		2014	2013
Artist & Entertainment Group Limited	Australia		
<i>Subsidiaries of Artist & Entertainment Group Limited</i>			
Powgen Mining Pty Ltd	Australia	100%	100%
Ozthai Coal Pty Ltd	Australia	0%	100%
Asia Energy & Minerals Limited	Australia	100%	100%

(b) Transactions with key management personnel of the entity or its parent and their personally-related entities

Centrebright Pty Ltd, an entity controlled by Siew Hong Koh, non-Executive Director provided management services under normal terms and conditions of value up to \$60,000.

J C Petroleum Pty Ltd, an entity controlled by John Carmody, non-executive Director provided technical advisory services under normal terms and conditions of value up to \$2,708.

Drumcliff Investment Pty Ltd, an entity controlled by Graham Kavanagh, Executive Officer and director alternate to Siew Hong Koh provided consulting services under normal terms and conditions of value up to \$118,182.

Ekam Commercial is a professional service firm of Eric Kam, the Company Secretary has during the year provided management services to the Company under normal terms and conditions of value up to \$72,000.

NOTE 24: SEGMENT INFORMATION

(a) Description of segments

The consolidated entity is in transition to a change in its business direction with activities focussed in the energy resources sector.

The Company has ceased to operate in the business segment previously described as Talent Representation and Talent Development in 2009.

(b) Segment information

Until the transition to a change of business direction is completed, the consolidated entity operates predominantly within Australia.

(c) Primary Segment Information

Business segments	Discontinued Operations		Corporate		Consolidated Entity	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Revenue						
External Sales	-	-	-	-	-	-
Other revenue	-	-	61,593	44,884	61,593	44,884
Total segment revenue	-	-	61,593	44,884	61,593	44,884
Unallocated revenue	-	-	-	-	-	-
Total consolidated revenue	-	-	61,593	44,884	61,593	44,884
Results						
Segment result	5,252	-	(911,686)	(1,762,802)	(906,434)	(1,762,802)
Profit/(loss) for the year before income tax expense	5,252	-	(911,686)	(1,762,802)	(906,434)	(1,762,802)
Income tax expense	-	-	-	-	-	-
Profit/(loss) for the year after income tax expense	-	-	-	-	(906,434)	(1,762,802)

(c) Primary Segment Information

Business segments	Discontinued Operations		Corporate		Consolidated Entity	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Assets						
Segment assets:						
Trade Receivables	-	-	177,078	49,997	177,078	49,997
Other assets	-	-	20,235	20,235	20,235	20,235
Other receivables	-	-	-	-	-	-
Plant & equipment	-	-	1	1	1	1
Other financial assets	-	-	39,952	14,430	39,952	14,430
Unallocated assets	-	-	268,195	809,538	268,195	809,538
Total assets	-	-	505,461	894,201	505,461	894,201
Liabilities						
Segment liabilities						
Payables	-	-	431,075	414,079	431,075	414,079
Non-allocated liabilities	-	-	-	-	-	-
Total liabilities	-	-	431,075	414,079	431,075	414,079

NOTE 25: PARENT ENTITY INFORMATION

Summarised statement for financial position	Notes	Consolidated Entity	
		2014	2013
		\$	\$
Assets			
Current assets		474,531	886,357
Non-current assets		28,088	7,466
Total assets		502,619	893,823
Liabilities			
Current liabilities		431,075	414,079
Total liabilities		431,075	414,079
Net assets		71,544	479,744
Equity			
Contributed capital		11,224,471	10,723,773
Accumulated losses		(11,152,927)	(10,244,029)
Total Equity		71,544	479,744
(a) Summarised statement of comprehensive income			
Loss for the year		(908,898)	(1,765,699)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(908,898)	(1,765,699)

NOTE 26: SUBSEQUENT EVENTS

The Company has with the advice of its Indonesian legal advisors lodged additional information and documentation requested by SKK Migas. Upon completion of the verification process by SKK Migas, the assignment of the Cooperation Agreement to the joint venture company that has been established in Indonesia will be formally approved by SKK Migas.

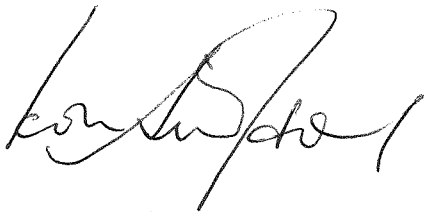
A total of 18,950,000 converting notes were issued on 30 September 2014 in respect of the subscriptions monies received on or before 30 June 2014 for \$136,400 and a further subscription of \$91,000 was received from sophisticated investors up until 30 September 2014.

DIRECTORS DECLARATION

The Directors of the Company declare that:

1. The attached financial statements and notes set out on pages 12 to 35 are in accordance with *Corporations Act 2001*; and
 - a) Comply with Accounting Standards in Australia and the Corporations Regulations 2001;
 - b) As stated in note 1, the consolidated financial statements also comply with International Financial Reporting Standards; and
 - c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2014 and its performance for the year ended on that date.
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
 - a) The financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b) The financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) The financial statements and notes for the financial year give a true and fair view.
3. In the Directors' opinion, there are reasonable grounds to believe that the Group and Company will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Siew Hong Koh
Director

Sydney
Date: 30 September 2014

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ARTIST & ENTERTAINMENT GROUP LIMITED AND CONTROLLED ENTITIES
ABN 67 097 771 581

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARTIST & ENTERTAINMENT GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Artist & Entertainment Group Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and

disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

- (a) the financial report of Artist & Entertainment Group Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the financial report which indicates that the consolidated entity incurred a loss for the year ended 30 June 2014 of \$906,434 and, as of that date, the consolidated entity's net assets were \$74,386. Since 30 June 2014 the company has raised an additional \$91,000 capital as disclosed in Note 26 Subsequent Events. In Note 1(b) it is stated that the consolidated entity is dependent on the raising of additional funds for working capital and its planned strategy for change. These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern.

In addition the collectability of the Receivable from Centre Energy Petroleum Limited of \$153,967, as disclosed in Note 10(c), is dependent upon the final entering into the Wailawi Agreement by Centre Energy Petroleum following satisfaction of all conditions precedent and the approval of SKK Migas.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 10 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Artist & Entertainment Group Limited and controlled entities for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.


DEBORAH CARTWRIGHT

Partner


PITCHER PARTNERS

Sydney

30 September 2014

ARTIST & ENTERTAINMENT GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 67 097 771 581

Shareholder Information As At 4 September 2014

A) Substantial shareholders

Name	Number of Shares	Percentage of Issued Shares
Vibrant Link Sdn Bhd	46,416,667	7.3%
Union Pacific Trading Pty Ltd	37,000,000	5.6%
Natasha Vojvodic	35,649,100	5.8%

B) Distribution of fully paid ordinary shares

(i)	Distribution schedule of holdings	Unquoted (AEMA)	Quoted (AEM)	Total
	1 – 1,000	-	24	24
	1,001 – 5,000	-	18	18
	5,001 – 10,000	-	78	78
	10,001 – 100,000	-	123	123
	100,001 and over	50	273	283
	Total number of holders	50	516	566
(ii)	Percentage held by the 20 largest holders	20.8%	25.0%	45.8%
(iii)	Total issued shares	226,183,334	409,810,055	635,993,389
(iv)	Number of holders with less than marketable parcels (\$500 at 1.2c UMP 41,616 AEM shares) of quoted securities is 173 for total of 2,321,717 AEM shares.			

C) Twenty largest shareholders of quoted ordinary shares as at 4 September 2014

Rank	Name	Units	% of Units
1.	VIBRANT LINK SDN BHD	46,416,667	7.30
2.	UNION PACIFIC TRADING PTY LTD	37,000,000	5.82
3.	MS NATASHA VOJVODIC	35,649,100	5.61
4.	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	28,339,591	4.46
5.	ROSS HILL & ASSOCIATES PTE LTD	17,272,726	2.72
6.	COMMUNICATE PTY LTD <COMMUNICATE A/C>	14,374,686	2.26
7.	MUSTAPHA SABOUNE	10,000,000	1.57
8.	MS NAJMA TASNEEM	10,000,000	1.57
9.	CITICORP NOMINEES PTY LIMITED	9,757,400	1.53
10.	SL JACKSON CONTRACTING PTY LTD	8,405,000	1.32
11.	INGSOL PTY LTD	8,350,000	1.31
12.	NAVJEET PUNIA	8,333,333	1.31
13.	BENBAXTER PTY LTD	8,000,000	1.26
14.	BOND STREET CUSTODIANS LIMITED <BABIK2 - D06816 A/C>	7,997,000	1.26
15.	BPS CORPORATION PTY LTD	7,700,000	1.21
16.	MRS ZI YING ZHANG	7,269,641	1.14
17.	CLEVER MONEY PTY LTD <CLEVER MONEY SUPERFUND A/C>	7,000,000	1.10
18.	SIEW HONG KOH	6,978,352	1.10
19.	L & R BUSINESS SERVICES PTY LTD <L & R BUSINESS SERV S/F A/C>	6,666,667	1.05
20.	BPS CORPORATION PTY LTD	6,000,000	0.94
Total:		291,510,163	45.84

D) Voting rights

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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