

Enhanced Oil & Gas Recovery Limited

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ASX Release

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**APPENDIX 4E
Preliminary Final Report**

**ENHANCED OIL & GAS RECOVERY LIMITED
ABN 67 097 771 581
AND CONTROLLED ENTITIES**

**FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2015
PROVIDED TO THE ASX UNDER LISTING RULE 4.3A**

Appendix 4E Preliminary Final Report

Name of entity

ENHANCED OIL & GAS RECOVERY LIMITED
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ABN or equivalent company reference:	67 097 771 581
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1. Reporting period

Report for the financial year ended	June 30, 2015
Previous corresponding period is the financial year ended	June 30, 2014

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	down	87%	to	\$7,761
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	down	12%	to	(\$798,943)
Net loss for the period attributable to members (<i>item 2.3</i>)	down	12%	to	(\$798,943)
Dividends (<i>item 2.4</i>)	Amount per security		Franked amount per security	
Interim dividend	¢	NIL	¢	NIL
Final dividend	¢	NIL	¢	NIL
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	N/A			
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>):				
Revenue from ordinary activities consists of income derived mainly from short term investments.				
The loss from ordinary activities is arrived at after including corporate expenditure.				

3. Income Statement (*item 3*)

See “Consolidated Statement of Profit or Loss and Other Comprehensive Income” and accompanying notes.

4. Balance Sheet (*item 4*)

See “Consolidated Statement of Financial Position” and accompanying notes.

5. Statement of Cash Flows (*item 5*)

See “Consolidated Statement of Cash Flows” and accompanying notes.

6. Dividends (*item 6*)

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2015	N/A	\$ NIL
Final dividend – year ended 30 June 2015	N/A	\$ NIL

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	¢ NIL	¢ NIL	¢ NIL
Previous year	¢ NIL	¢ NIL	¢ NIL

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (<i>each class separately</i>)	NIL	NIL
Preference securities (<i>each class separately</i>)	NIL	NIL
Other equity instruments (<i>each class separately</i>)	NIL	NIL
Total	NIL	NIL

7. Details of dividend or distribution reinvestment plans in operation are described below (item 7):

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

N/A

8. Statement of retained earnings (item 8)

	Consolidated Entity	
	2015	2014
	\$	\$
Balance at the beginning of year	(11,150,085)	(10,243,651)
Net profit (loss) attributable to members of the parent entity	(798,943)	(906,434)
Total available for appropriation	(11,949,028)	(11,150,085)
Dividends paid	-	-
Balance at end of year	<u>(11,949,028)</u>	<u>(11,150,085)</u>

9. Net tangible assets per security (item 9)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	(0.05 ¢)	0.01 ¢

10. Details of entities over which control has been gained or lost during the period: (item 10)

Control gained over entities

Name of entities (item 10.1)

N/A

Date(s) of gain of control (item 10.2)

N/A

Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 10.3)

\$ Nil

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)

\$ Nil

Loss of control of entities

Name of entities (item 10.1)

N/A

Date(s) of loss of control (item 10.2)

N/A

Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (*item 10.3*).

\$ Nil

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (*item 4.3*)

\$ Nil

11. Details of associates and joint venture entities (*item 11*)

Name of associate or joint venture entity (*item 11.1*)

%Securities held (*item 11.2*)

N/A	-

Aggregate share of profits (losses) of associates and joint venture entities (*item 11.3*)

Group's share of associates' and joint venture entities':

Profit (loss) from ordinary activities before tax

Income tax on ordinary activities

Net profit (loss) from ordinary activities after tax

Adjustments

Share of net profit (loss) of associates and joint venture entities

	2015 \$	2014 \$
Profit (loss) from ordinary activities before tax	N/A	N/A
Income tax on ordinary activities	N/A	N/A
Net profit (loss) from ordinary activities after tax	N/A	N/A
Adjustments	N/A	N/A
Share of net profit (loss) of associates and joint venture entities	N/A	N/A

12. Significant information relating to the entity's financial performance and financial position.

The main activities of the Company remain focused in securing an interest in the Wailawi Oil & Gas Project in Indonesia. The Company is to acquire the entire issued share capital of Centre Energy Petroleum Limited ("CEP") which would on completion own an economic interest in the Wailawi Oil & Gas Project. In consideration, the Company will issue shares to the shareholders of CEP, in the aggregate of \$12.8 million including Union Pacific Trading Pty Limited (UPT), a company control by Mr. Siew Hong Koh.

On 24 March 2015, the Company announced that the Director General Oil and Gas of the Indonesian Ministry of Energy and Resources issued an Assignment Approval Letter to effect the assignment of 100% of the Participating Interest in the production sharing contract ("Cooperation Agreement") from Perusda Benuo Taka ("Perusda") to P.T.Benuo Taka Wailawi ("JVCo"), the joint venture company through which CEP would own an economic interest in the project. The formal handover of this Participating Interest was effected recently, on 26 June 2015.

Following the approval for the change of name of the Company from "Artist & Entertainment Group Limited" to "Enhanced Oil & Gas Recovery Limited" at the 2014 AGM, shareholders approved the issue of 44,408,333 fully paid ordinary shares for the mandatory conversion of all outstanding converting notes on the basis of one ordinary share per note. The converting notes represented a total value of \$533,900. The newly issued shares (ASX:EORAI) are potentially subject to ASX imposed escrow conditions and are not quoted until the Company issues a prospectus and re-lists the Company compliant to ASX chapters 1 and 2 of the listing rules.

The Company raised a further \$253,000 through the issue of 21,083,334 converting notes on 17 December 2014. The notes were of similar terms and conditions of the notes previously issued.

As at end of the financial year 30 June 2015, the Company had combined 680,401,721 fully paid ordinary shares (Quoted and Unquoted) on issue and 21,083,334 converting notes. There were further funds raised for working capital purposes of \$446,000 (\$86,000 were received before year-end and \$360,000 were received subsequent to year-end) through the issue of 30,000,000 shares to one sophisticated investor and another 7,166,667 converting notes whereby the notes will be converted into shares upon the approval of shareholders at the next general meeting. The securities were issued at \$0.012 each.

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

13. The financial information provided in the Appendix 4E is based on the annual financial report, which has been prepared in accordance with Australian accounting standards.
(item 13)

14. Commentary on the results for the period.

See item 2.6

15. Audit of the financial report (item 15)

Select one of the following:

- The financial report has been audited
- The financial report has not yet been audited.
- The financial report is in the process of being audited.

16. The audit has not yet been completed

Select one of the following:

- The financial report is not likely to be the subject of dispute or qualification.
- The financial report is likely to be the subject of dispute or qualification as described below.

Include a description of the likely dispute or qualification.

N/A

17. The audit has been completed.

Select one of the following:

- The financial report is not subject to audit dispute or qualification.
- The financial report is subject to audit dispute or qualification as described below.

Include a description of the dispute or qualification.

N/A

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2015**

	Consolidated Entity	
	2015	2014
	\$	\$
Revenue		
Other income	7,761	61,593
	<u>7,761</u>	<u>61,593</u>
Less: Expenses		
Consulting and Temporary Staff Costs	(447,159)	(432,207)
Property and Occupancy	(59,222)	(58,890)
Impairment of financial assets	(3,325)	(84,065)
IT & T	(1,570)	(1,419)
Depreciation expenses	-	-
Finance costs	(2,382)	(2,511)
Legal Fee	-	-
Corporate and listing costs	(184,863)	(309,554)
Other expenses	(108,183)	(84,633)
	<u>(806,704)</u>	<u>(973,279)</u>
(Loss) before income tax from continuing operations	(798,943)	(911,686)
Income tax expense (income tax benefit)	-	-
(Loss) from continuing operations	(798,943)	(911,686)
Profit (loss) from discontinued operations	-	5,252
Profit (loss) for the year	(798,943)	(906,434)
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>(798,943)</u>	<u>(906,434)</u>
Earnings per share from profit from continuing operations:		
Basic earnings per share	(0.12¢)	(0.16¢)
Diluted earnings per share	(0.12¢)	(0.15¢)
Earnings per share from profit from discontinued operations:		
Basic earnings per share	(0.00¢)	(0.00¢)
Diluted earnings per share	(0.00¢)	(0.00¢)
Earnings per share from continuing and discontinued operations:		
Basic earnings per share	(0.12¢)	(0.16¢)
Diluted earnings per share	(0.12¢)	(0.15¢)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2015**

	Consolidated Entity	
	2015	2014
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	97,077	268,195
Receivables	196,859	177,078
Other current assets	28,146	20,235
TOTAL CURRENT ASSETS	322,082	465,508
NON-CURRENT ASSETS		
Property, plant and equipment	1	1
Other financial assets	20,000	39,952
TOTAL NON-CURRENT ASSETS	20,001	39,953
TOTAL ASSETS	342,083	505,461
CURRENT LIABILITIES		
Payables	635,969	415,754
Borrowings	22,171	15,321
TOTAL CURRENT LIABILITIES	658,140	431,075
TOTAL LIABILITIES	658,140	431,075
NET ASSETS/(LIABILITIES)	(316,057)	74,386
EQUITY		
Issued capital	11,632,971	11,224,471
Accumulated losses	(11,949,028)	(11,150,085)
TOTAL EQUITY	(316,057)	74,386

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2015**

Consolidated Entity	Contributed equity \$	Retained earnings \$	Total Equity \$
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
(Loss) for the year	-	(798,943)	(798,943)
Total comprehensive income for the year	-	(798,943)	(798,943)
Transactions with owners in their capacity as owners:			
Contributions, net of costs	408,500		408,500
	408,500	-	408,500
Balance as at 30 June 2015	11,632,971	(11,949,028)	316,057

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2015**

	Consolidated Entity	
	2015	2014
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	-	-
Payments to suppliers and employees	(608,474)	(989,154)
Interest received	2,563	8,555
Borrowing costs	(2,382)	(2,511)
Net cash provided by / (used in) operating activities	(608,293)	(983,110)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	21,825	220,915
Payment for investments	-	(277,464)
Net cash provided by / (used in) investing activities	21,825	(56,549)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue	-	-
Proceeds from borrowings/deposit & bonds	444,932	525,838
Repayment of borrowings/deposit & bonds	(29,582)	(27,522)
Net cash provided by / (used in) financing activities	415,350	498,316
Net increase / (decrease) in cash and cash equivalents	(171,118)	(541,343)
Cash and cash equivalents at beginning of year	268,195	809,538
Cash and cash equivalents at end of the year	97,077	268,195

**ENHANCED OIL & GAS RECOVERY LIMITED
AND CONTROLLED ENTITIES
ABN 67 097 771 581**

NOTE 1: BASIS OF PREPARATION OF PRELIMINARY FINANCIAL REPORT

This preliminary financial report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The accounting policies adopted in the preparation of the preliminary financial report are consistent with the accounting policies adopted and outlined in the notes to the financial statements for the year ended 30 June 2015.

**NOTE 2: RECONCILIATION OF PROFIT FROM
ORDINARY ACTIVITIES TO NET CASH FLOWS FROM
OPERATING ACTIVITIES**

	Year Ended June 30, 2015	Year Ended June 30, 2014
(a) Reconciliation of cash		
- Cash in hand	-	-
- Cash at bank	<u>97,077</u>	<u>268,195</u>
	97,077	268,195
 (b) Reconciliation of profit from ordinary activities after related income tax to net cash flows from operating activities		
- Profit /(loss) for the year	(798,943)	(906,434)
- Depreciation of non-current assets	-	-
 Gain on disposal of investments	 (1,210)	 (41,172)
Gain on revaluation of investments	(3,988)	(11,865)
Provision of impairment of investments	3,325	84,065
 Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses		
(Increase)/decrease in assets		
- Current receivables	(19,781)	(127,081)
- Other current assets	(7,911)	-
- Non-current assets	-	-
 Increase/(decrease) in liabilities		
- Current payables	<u>220,215</u>	<u>19,377</u>
Net cash provided by/(used in) operating activities	<u><u>(608,293)</u></u>	<u><u>(983,110)</u></u>