



APAC COAL

APAC COAL LIMITED

A.C.N. 126 296 295

**Half-Year Financial Report
31 December 2017**

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Directors

Khee Yong Luke Ho (Executive Director)
Brett Crowley (Non-Executive Director)
Boon Ban Quah (Non-Executive Director)

Company Secretary

Brett Crowley

Registered Office

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Sydney NSW 2000

Principal Place of Business

c/- Magnus Energy Group Ltd.
76 Playfair Road,
#02-02 LHK2 Building,
Singapore 367996.

Auditor

Moore Stephens
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Advanced Share Registry

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WA, 6009.
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Website www.advancedshare.com.au

ASX Code AAL

Website www.apaccoal.com

Directors' Report

The directors of APAC Coal Limited (the "Company") submit herewith the financial report of the Company and its subsidiaries (the "Group") for the half-year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the directors' report is as follows:

The names of the directors of the company during or since the end of the half-year are:

Mr. Khee Yong Luke Ho
Mr. Brett Crowley
Mr. Boon Ban Quah

Review of Operations

Acquisition of Credit Intelligence Holding Limited

In October 2017, APAC entered into a share purchase agreement to acquire 100% of the issued share capital of Credit Intelligence Holding Limited for consideration of 532,852,564 Ordinary shares in APAC. The acquisition was approved by the shareholders in a General Meeting on 23 January 2018 but remains conditional on capital raising and regulatory approval. Full details of the terms and conditions of the acquisition are included in the prospectus lodged with ASIC on 21 December 2017.

Exploration and Development of Coal Mining Activities

In June 2013 APAC Coal Limited ("APAC"), and majority shareholder Magnus Energy Group Ltd ("Magnus"), Magnus' wholly owned subsidiary Antig Investments Pte Ltd and APAC (collectively referred to as "Magnus Group") issued a Notice of Intent ("Notice") to Resolve Investment Dispute Through Consultations and Negotiations with the Government of the Republic of Indonesia. The purpose of the action taken by the Group is to seek recourse under the Agreement between the Government of the Republic of Singapore and the Government of the Republic of Indonesia on the Promotion and Protection of Investments and the Agreement between the Government of Australia and the Government of the Republic of Indonesia concerning the Promotion and Protection of Investments. At the end of August 2013, a reminder letter consisting of the Update Concerning Notice of Intent to Resolve Investment Dispute was sent to the Indonesian authorities. In February 2015, APAC appointed attorneys to pursue the Company's claim against the Government of Republic of Indonesia via arbitration of the International Centre for Settlement of Investment Dispute ("ICSID"). A request to resolve the investment dispute through consultations and negotiations was sent to the Republic of Indonesia by the attorney.

The Group has halted the filing of Request for Arbitration against the Government of Republic of Indonesia. APAC intends to dispose of 100% of its investment in its subsidiary PT Deefu Chemical Indonesia on the successful acquisition of Credit Intelligence Holding Limited.

The above developments may have a material impact and APAC will make further announcements as and when there are material developments in relation to the aforesaid matters.

Subsequent Events

At a General Meeting on 23 January 2018, the shareholders of APAC approved the following resolutions:

- The acquisition of 100% of the issued share capital of Credit Intelligence Holding Limited as consideration for the issue of 532,852,564 shares. The acquisition represents a change in the nature and scale of operations of the Company and remains conditional on capital raising and regulatory approval. Full details of the terms and conditions of the acquisition are included in the Prospectus lodged with ASIC on 21 December 2017.
- The consolidation of APAC's existing securities on the basis that every 3.4681 shares be consolidated into 1 share.
- The appointment of proposed directors Jimmie Wong, Mel Ashton, King Wong, Krista Bates and Vincent Lai on completion of the acquisition of Credit Intelligence Holding Limited.

- The issue of 250,000,000 shares (on a post consolidation basis) under the Prospectus at an issue price of \$0.02 per share to raise up to \$5,000,000 with a minimum subscription requirement of \$3,500,000.
- The issue of 37,299,679 shares (on a post consolidation basis) to advisors for services in relation to the acquisition of Credit Intelligence Holding Limited.
- The change of name of the Company from APAC Coal Limited to Credit Intelligence Limited on completion of the acquisition of Credit Intelligence Holding Limited.
- The approval of the issue of Class A Performance Shares and Class B Performance Shares, including the issue of 18,500,000 Class A Performance Shares and 21,500,000 Class B Performance Shares to Proposed Directors. The terms and conditions of the Performance Shares are as set out in the Notice of Meeting lodged with the ASX on 19 December 2017.

There were no other significant events occurring after the end of the reporting period.

Auditor's Independence declaration

The Auditor's Independence declaration under s 307C of the *Corporations Act 2001* is included on page 4 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



Luke Ho Khee Yong

Director

Signed at Perth, 2nd day of February 2018

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AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF APAC COAL LIMITED

As lead auditor for the review of APAC Coal Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

WEN SHIEN CHAI
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth, 2nd day of February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF APAC COAL LIMITED AND ITS CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of APAC Coal Limited which comprises the consolidated condensed statement of financial position as at 31 December 2017, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of APAC Coal Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of APAC Coal Limited's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of APAC Coal Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act, which has been given to the directors of APAC Coal Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
APAC COAL LIMITED AND ITS CONTROLLED ENTITIES**

Conclusion

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

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter – Going Concern

Without qualification to the conclusion expressed above, we draw attention to Note 10 of the financial statements, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in in the normal course of business, and at amounts other than as stated in the financial report. The Group financials do not include the adjustments that would result if the Group were unable to continue as a going concern.



WEN SHIEN CHAI
PARTNER



MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth, 2nd day of February 2018

Directors' declaration

In the directors' opinion:

The financial statements and notes, as set out on pages 8 to 14, are in accordance with the Corporations Act 2001, including:

- a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
- b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Brett Crowley', written over a horizontal line.

Brett Crowley

Director

Signed at Perth, 2nd day of February 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half Year ended 31 December 2017

| | Note | Consolidated 31.12.2017 A\$ | 31.12.2016 A\$ |
|---|------|-----------------------------------|-------------------|
| Continuing operations | | | |
| Revenue | | - | - |
| Administration expenses | | (46,783) | (110,481) |
| Personnel expenses | | (40,000) | (55,000) |
| Foreign exchange gain/(loss) | | 1,884 | (3,634) |
| Professional fees | | (40,600) | (105,250) |
| Management fees | | (66,400) | (99,600) |
| Loss before tax | | (191,899) | (373,965) |
| Income tax expense | | - | - |
| Loss from continuing operations | | (191,899) | (373,965) |
| Discontinued operations | | | |
| Loss from discontinued operations, after tax | | (45,762) | (36,286) |
| Total comprehensive loss for the period | 3 | (237,661) | (410,251) |
| Loss attributable to: | | | |
| Members of the parent entity | | (237,661) | (410,251) |
| Total comprehensive loss attributable to: | | | |
| Members of the parent entity | | (237,661) | (410,251) |
| Loss per share | | | |
| Basic and diluted loss from discontinued operations (cents per share) | | (0.02) | (0.01) |
| Basic and diluted loss from continuing operations (cents per share) | | (0.08) | (0.15) |
| Total loss per share for the period | | (0.10) | (0.16) |

Notes to the condensed consolidated financial statements are included on pages 11 to 14

**Condensed Consolidated Statement of Financial Position
as at 31 December 2017**

| | Note | Consolidated 31.12.2017 A\$ | 30.06.2017 A\$ |
|-----------------------------------|------|-----------------------------------|--------------------|
| Current assets | | | |
| Cash and cash equivalents | | 6,157 | 11,198 |
| Other receivables | | 879 | 451 |
| Assets held for sale | | 1 | 1 |
| Total current assets | | <u>7,037</u> | <u>11,650</u> |
| Total assets | | <u>7,037</u> | <u>11,650</u> |
| Current liabilities | | | |
| Other payables | | (41,146) | (48,530) |
| Loan from ultimate parent company | | (358,836) | (19,404) |
| Borrowings | 5 | - | (99,000) |
| Total current liabilities | | <u>(399,982)</u> | <u>(166,934)</u> |
| Total liabilities | | <u>(399,982)</u> | <u>(166,934)</u> |
| Net liabilities | | <u>(392,945)</u> | <u>(155,284)</u> |
| Equity | | | |
| Issued capital | 4 | 6,394,067 | 6,394,067 |
| Accumulated losses | | <u>(6,787,012)</u> | <u>(6,549,351)</u> |
| Total equity | | <u>(392,945)</u> | <u>(155,284)</u> |

Notes to the condensed consolidated financial statements are included on pages 11 to 14

Condensed Consolidated Statement of Changes in Equity for the Half-Year ended 31 December 2017

| | Issued capital | Accumulated losses | Total equity |
|---|----------------|--------------------|--------------|
| | A\$ | A\$ | A\$ |
| Balance at 1 July 2016 | 6,394,067 | (6,313,816) | 80,251 |
| Net loss for the period | - | (410,251) | (410,251) |
| Total comprehensive loss for the period | - | (410,251) | (410,251) |
| Balance at 31 December 2016 | 6,394,067 | (6,724,067) | (330,000) |
| Balance at 1 July 2017 | 6,394,067 | (6,549,351) | (155,284) |
| Net loss for the period | - | (237,661) | (237,661) |
| Total comprehensive loss for the period | - | (237,661) | (237,661) |
| Balance at 31 December 2017 | 6,394,067 | (6,787,012) | (392,945) |

Condensed Consolidated Statement of Cash Flows for the Half-Year ended 31 December 2017

| | Note | Consolidated 31.12.2017 A\$ | 31.12.2016 A\$ |
|---|------|-----------------------------------|-------------------|
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (245,384) | (428,058) |
| Interest and other finance costs | | (89) | (278) |
| Net cash used in operating activities | | (245,473) | (428,336) |
| Cash flows from financing activities | | | |
| Proceeds from parent entity loan | | 339,432 | 316,566 |
| Proceeds from/(Repayment of) borrowings | | (99,000) | 99,000 |
| Net cash provided by financing activities | | 240,432 | 415,566 |
| Net decrease in cash and cash equivalents | | (5,041) | (12,770) |
| Cash and cash equivalents at the beginning of the period | | 11,198 | 31,042 |
| Cash and cash equivalents at the end of the period | | 6,157 | 18,272 |

Notes to the condensed consolidated financial statements are included on pages 11 to 14

Notes to the Condensed Financial Statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2017 annual financial report for the financial year ended 30 June 2017, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current reporting period.

New and revised accounting requirements applicable to the current interim period

The Group has considered the implications of the new or amended Accounting Standards applicable to the Group for the first time in the current half-year reporting period 1 July 2017 to 31 December 2017 but determined that their application to the financial statements is either not relevant or not material.

2. Segment Information

The Consolidated Entity operates in one operating segment and one geographical segment, being mineral exploration in Indonesia. This is the basis on which internal reports are provided to the directors for assessing performance and determining the allocation of resources within the Group.

3. Results for the period

The following expense items are relevant in explaining the financial performance for the interim period:

| | Jul-Dec 2017 A\$ | Jul-Dec 2016 A\$ |
|---------------------|---------------------------------|---------------------------------|
| Travelling expenses | 24,621 | 68,517 |

4. Issuances, repurchases and repayments of equity securities

Issued capital as at 31 December 2017 amounted to \$6,394,067 (249,705,637 ordinary shares). There were no movements in the issued capital of the Group in either the current or the prior interim reporting periods.

5. Borrowings

The borrowings of \$99,000 was repaid during the period ended 31 December 2017. The borrowings were unsecured and interest free. There were no outstanding loans or borrowings as at 31 December 2017.

6. Contingent liabilities and commitments

At the last annual reporting date, the Group did not have any contingent liabilities. There has been no material change in contingent liabilities of the Group during the half year ended 31 December 2017.

The Group has no capital or expenditure commitments as at 31 December 2017.

7. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

8. Subsequent events

At a General Meeting on 23 January 2018, the shareholders of APAC approved the following resolutions:

- The acquisition of 100% of the issued share capital of Credit Intelligence Holding Limited as consideration for the issue of 532,852,564 shares. The acquisition represents a change in the nature and scale of operations of the Company and remains conditional on capital raising and regulatory approval. Full details of the terms and conditions of the acquisition are included in the Prospectus lodged with ASIC on 21 December 2017.
- The consolidation of APAC's existing securities on the basis that every 3.4681 shares be consolidated into 1 share.
- The appointment of proposed directors Jimmie Wong, Mel Ashton, King Wong, Krista Bates and Vincent Lai on completion of the acquisition of Credit Intelligence Holding Limited.
- The issue of 250,000,000 shares (on a post consolidation basis) under the Prospectus at an issue price of \$0.02 per share to raise up to \$5,000,000 with a minimum subscription requirement of \$3,500,000.
- The issue of 37,299,679 shares (on a post consolidation basis) to advisors for services in relation to the acquisition of Credit Intelligence Holding Limited.
- The change of name of the Company from APAC Coal Limited to Credit Intelligence Limited on completion of the acquisition of Credit Intelligence Holding Limited.
- The approval of the issue of Class A Performance Shares and Class B Performance Shares, including the issue of 18,500,000 Class A Performance Shares and 21,500,000 Class B Performance Shares to Proposed Directors. The terms and conditions of the Performance Shares are as set out in the Notice of Meeting lodged with the ASX on 19 December 2017.

There were no other significant events occurring after the end of the reporting period.

9. Dividends

There were no dividends declared or paid during the reporting period.

10. Going Concern

During the half-year ended 31 December 2017, the Group incurred a net loss after tax of \$237,661, and had net liabilities of \$392,945. The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The ultimate holding company, Magnus Energy Group Ltd. ("Magnus"), has undertaken to provide ongoing financial support to APAC for a period of at least twelve months from the date of approval of these financial statements, or until the successful acquisition of Credit Intelligence Holding Limited. Magnus have confirmed that they will not demand repayment of the amounts owed to them until APAC is in a position to do so.

The financial report therefore does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities which may be necessary should the Company and consolidated entity be unable to continue as going concerns.