PREMIERE
EASTERN ENERGY

ABN 58 169 923 095

Premiere Eastern Energy Limited

ANNUAL REPORT

For the year ended 31 December 2014

PREMIERE EASTERN ENERGY
ABN 58 169 923 095

CONTENTS

Directors' Report

The Directors of Premiere Eastern Energy Limited ("Premiere") present their Report together with the financial statements of the consolidated entity, being Premiere ("the Company") and its Controlled Entities ("the Group") for the year ended 31 December 2014.

Director details

The following persons were Directors of Premiere during or since the end of the financial year.

Mr Zhan Musheng

Non-Executive Chairman
Director since 25 August 2014

Mr. Zhan has over 30 years of experience in the China petrochemical industry, where he held the position of general manager at various state-owned petrochemical enterprises such as the Guangdong Oil Associate of Sinopec Maoming Company and Zhanjiang Fuel Corporation.

Other current Directorships:
None

Previous Directorships (last 3 years):
None

Interests in shares:
704,966,930 shares

Interest in options:
None

Mr David Wheeler

Independent Non-Executive Deputy Chairman
Member of Audit Committee, Nomination and Remuneration Committee
Director appointed on 25 August 2014

Mr Wheeler, an Australian citizen, has more than 30 years of executive management experience and Company Director experience across a range of companies and industries.

Mr Wheeler has worked on business projects in the USA, UK, Europe, New Zealand, China, Malaysia and the Middle East and has been a Fellow of the Australian Institute of Company Directors (FAICD) since 1990 and is a current member of the WA State committee of Turnaround Management Australia (TMA).

Other current Directorships:
Oz Brewing Limited (ASX: OZB)
TW Holdings Limited (ASX: TWH)
Eumeralla Resources Limited (ASX: EUM)

Interests in shares:
35,000 shares

Interest in options:
None

Mr Lau Kay Heng

Independent Non-Executive Director
Member of Audit Committee, Nomination and Remuneration Committee
Director appointed on 25 August 2014

Mr. Lau has over 20 years of corporate management and corporate advisory experience spanning the Asia Pacific region for various renowned multinational and Singapore listed companies in the medical, chemical, pharmaceutical, interior floor covering and environmental protection industries. Mr. Lau is currently the Managing Director of an independent corporate advisory firm specialising in corporate advisory, private equity, merger and acquisition, IPO transactions in Singapore, China, Korea and Australia. Mr. Lau has been the chairman of Asia M&A Group, an alliance of member firms specialising in cross border merger and acquisition activities across Asia since 2013.

Other current Directorships:
Cacola Furniture International Limited
Equation Summit Limited

Previous Directorships (last 3 years):
None

Interests in shares:
None

Interest in options:
None

Mr Zhan Aiping

Chief Executive Officer
Director since 25 August 2014

Mr. Zhan, a Chinese citizen, is responsible for the overall operations, strategic planning, business development, and corporate management of the Group, including devising the annual plan and financial budget of the Group.

Mr. Zhan has over 15 years of experience in the China petrochemical industry, with experience working as the sales manager of various petrochemical and chemical enterprises.

Other current Directorships:
None

Previous Directorships (last 3 years):
None

Interests in shares:
None

Interest in options:
None

Mr Jack James

Independent Non-Executive Director
Director appointed on 18 March 2015
Member of Audit Committee, Nomination and Remuneration Committee

Mr. James has over fifteen years of experience in chartered accounting specialising in corporate advisory and reconstruction. Most recently, he held senior roles in Ernst & Young and KordaMentha. Mr. James provides accounting, secretarial and advisory advice to private and public companies, government and other stakeholders. Mr. James has a Bachelor of Business from the Queensland University of Technology and is a Chartered Accountant.

Other current Directorships:
Antares Mining Limited (ASX: AWW)
Eumeralla Resources Limited (ASX: EUM)

Previous Directorships (last 3 years):
Black Star Petroleum Limited (ASX: BSP)
Firestone Energy Limited (ASX: FSE)
Lithex Resources Limited (ASX: LTX)

Interests in shares:
None

Interest in options:
None

Mr Ou Jinpei

Executive Director
Director since 25 August 2014

Mr. Ou, a Chinese citizen, is the General Manager of Sales of the Group and oversees all sales and marketing related matters of the Group.

Mr. Ou has over 25 years of experience in the China petrochemical industry. Prior to joining the Group, he was employed as a manager in several state-owned petrochemical enterprises, such as such as Guangzhou Branch of Sinopec Corporation and Guangdong Province Crude Oil Company, where he was in charge of various processes within the petrochemical supply chain, including the management of oil tanks and trading of crude oils.

Other current Directorships:
None

Previous Directorships (last 3 years):
None

Interests in shares:
None

Interest in options:
None

Mr Jiang Ting

Independent Non-Executive Director
Chairman of Audit Committee
Member of the Nomination and Remuneration Committee
Director appointed on 25 August 2014 and resigned on 18 March 2015

Mr. Jiang has more than 6 years of experience in corporate finance and corporate advisory as well as 4 years in legal practice, and has completed a range of capital market transactions in both Australia and the PRC. He has extensive experience in the corporate capital raising process in Australia, including in relation to initial public offerings. He also possesses a strong knowledge of Australian and Chinese corporation laws and exchange listing rules.

Other current Directorships:
Sunbridge Group Limited (ASX: SBB)
China Herbal Medicine Limited (NSX: CHI)
Xiaoxiao Education Limited (ASX: XXL)

Previous Directorships (last 3 years):
None

Interests in shares:
None

Interest in options:
None

Company Secretary

Mr. Jack James is a qualified Chartered Accountant in Australia. He was appointed on 18 March 2015 as replacement when Mr. Jiang Ting resigned as company secretary on the same date. For Jack James' details, please refer to his professional background as stated in the Directors' Report.

Principal activities

During the year, the principal activities of entities within the Group were the wholesale distribution of petrochemical products including sourcing, storage, shipping, sales and distribution and after-sales services of petrochemical products in the PRC.

The Group's products can be grouped into 2 major classes of product; namely Refined Petroleum and Other Petrochemicals. Refined Petroleum comprised mainly the various grades of gasoline and diesel oil used mainly by automobiles. The Group's Other Petrochemicals comprised of mixed aromatics, C5 non aromatics, fuel oil, naphtha and MBTE, used mainly for gasoline blending. Going forward, the Group intends to expand its product range for Other Petrochemicals.

There have been no significant changes in the nature of these activities during the year.

Review of operations and financial results

Commentary on Full Year Results

The Directors of Premiere Eastern Energy Limited ("Premiere" or "the Company") and its controlled entities ("the Group") hereby present the Company's first Annual Report, following its successful listing on 12 February 2015.

Through this report, the Board seeks to provide an update to its shareholders and the market on the results achieved for the financial year ended 31 December 2014 ("FY2014"). It should be noted that the Group's financial year runs from January to December each year.

The Group has made a profit after tax of AUD$33.3 million for FY2014, which represents an increase of 11.7% when compared to the year ended 31 December 2013 ("FY2013"). As a result of the appreciation of the Chinese Renminbi ("RMB") against AUD, the Company has recorded a foreign exchange gain on translation of foreign operation of AUD$13.9 million. The Company has maintained strong cash and cash equivalents balance at AUD$133.5 million.

Corporate Results Summary

For FY2014, the Group, through its main operating China based subsidiaries, has achieved the following:

Group revenue for the year (excluding other revenue) rose up by 9.2% to AUD$926.9 million compared to AUD$849.2 million in FY2013; Sale of refined petroleum rose by 14.0% to AUD$221.3 million while sale of petrochemical products rose by 7.7% to AUD$705.6 million. The growth in sales of both Refined Petroleum and Other Petrochemicals are resulted mainly from the growth in sales volumes made in the current year.

Sales of Refined Petroleum and Other Petrochemicals contributed to 23.9% (FY2013: 22.9%) and 76.1% (FY2013: 77.1%) of the Group's revenue in FY2014. During the year, the Group distributed an aggregate of 168,198 tonnes (2013: 160,036 tonnes) of Refined Petroleum and 668,520 tonnes (2013: 626,747 tonnes) of Other Petrochemicals respectively in the PRC;

- Group profit margin has maintained at 6.13% for the year, representing a slight improvement from 6.09% in FY2013;
- Group NPBT of AUD44.7 million, representing an increase of 11.5% from AUD40.1 million in FY2013;
- Group NPAT of AUD33.3 million, representing an increase of 11.7% from AUD$29.8 million in FY2013;
- Foreign exchange translation gain of AUD$13.9 million, arising from the appreciation of RMB against AUD during the year; and
- Maintaining strong cash position of AUD$133.5 million.

The Group, as one of the leading integrated supply chain manager engaging in the wholesale of refined petroleum and petrochemical products within the PRC, has managed to maintain a moderate growth in the current year despite the intense market competition, drop in the international crude oil prices and higher automotive emission standard set out by the PRC government.

Financial Position

The net assets of the consolidated Group rose by $55,738,000 from $116,739,000 at 31 December 2013 to $172,477,000 at 31 December 2014. The increase results mainly from the following factors:

- profits after tax attributable to members of $33,301,000;
- increase in foreign exchange reserve by $13,919,000.

The consolidated Group's strong financial position has enabled the Group to maintain a healthy working capital ratio. The Group's working capital has increased from $104,264,000 as at 31 December 2013 to $159,510,000 as at 31 December 2014.

Significant changes in the state of affairs

Pursuant to a Share Sale Agreement dated 29 August 2014, Genius Supreme Investment Ltd ("Genius"), the intermediate holding company incorporated in Hong Kong, and its controlled entities, became subsidiaries of the Company.

There have been no other significant changes in the state of affairs of the Group during the financial year or prior year.

Dividends

In respect of the current year, the Directors have resolved not to pay any final dividend (2013: $Nil). Going forward, the Board will determine a future dividend policy or the extent of future dividends, as these will depend on, among other things, the actual levels of profitability and the financial and taxation position of the Company at the time.

Events arising since the end of the reporting period

Premiere has issued an additional 17,534,500 fully paid ordinary shares at $0.20 each amounting to $3,506,900 upon its listing on the Australian Securities Exchange ("ASX") on 12 February 2015. Other than its listing on the ASX subsequent to the year end, there are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- The entity's operations in future financial years
- The results of those operations in future financial years; or
- The entity's state of affairs in future financial years.

Likely developments, business strategies and prospects

Continue to expand its existing Refined Petroleum and Other Petrochemicals business

The PRC continues to have a huge demand for Refined Petroleum and Other Petrochemicals, driven by rapid urbanisation, significant expansion of transportation infrastructure and, the growing automotive industry. In the past, the Group has not been able to meet the full demands of its customers as it is constrained by its limited working capital base.

The Group believes that with a stronger working capital base, it will be able to continue to expand its Refined Petroleum and Other Petrochemicals business by increasing both the volume of transactions and the value of each transaction. Going forward, the Group also intends to use its financial resource to expand on its range of Other Petrochemicals distributed, focusing on products with higher gross profit margins.

Expand operations vertically downstream into the operations of retail petrol stations

The Group continues to seek opportunities to grow revenue and create higher profit margins as a leading Refined Petroleum and Other Petrochemicals supply chain manager. Though no formal plans are in place, the Group intends to grow its operations by accelerating its previously stated strategy of verticle downstream expansion through the acquisition of retail petrol stations. The Group may consider additional fund raising, including debt or equity, and/or use existing cash reserves to fund any potential acquisition of retail petrol stations if an opportunity to do so arises. The Group has not targeted any specific retail petrol stations to be acquired and any such potential acquisition will be considered by the Board on a case by case basis.

This downstream expansion is expected to be complementary with its existing operations, as not only will it provide the Group with an additional distribution channel for its Refined Petroleum, it will allow the Group to sell its Refined Petroleum at the higher retail prices.

Business expansion through acquisition, joint ventures or strategic partnerships

Wherever opportunities arise, the Group will expand its capabilities and business through acquisition, joint venture or strategic partnership with parties who can add value to its business. This may include business co-operation in co-managing the strategic assets or marketing activities to achieve mutual benefit.

Directors' Meetings

The number of Directors Meetings (including meetings of Committees of Directors) held during the year, and the number of meetings attended by each Director is as follows:

Directors' Name	Board Meetings		Audit Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Zhan Musheng	1	1	-	-	-	-
David Wheeler	1	1	-	-	-	-
Zhan Aiping	1	1	-	-	-	-
Ou Jinpei	1	1	-	-	-	-
Lau Kay Heng	1	1	-	-	-	-
Jiang Ting*	1	1	-	-	-	-

*Mr Jiang Ting resigned on 18 March 2015.

Where:

- **Column A** is the number of meetings the Director was entitled to attend
- **Column B** is the number of meetings the Director attended.

Share options

There are no share options issued by the Company.

Remuneration Report (audited)

The Directors of Premiere Eastern Energy Limited ("Premiere" or "the Company") present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

The Remuneration Report is set out under the following main headings:

a Principles used to determine the nature and amount of remuneration

b Details of remuneration

c Service agreements

d Share-based remuneration; and

e Transaction and Balances with Key Management Personnel (KMP) and related parties

a Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- To align rewards to business outcomes that deliver value to shareholders
- To drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- To ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

Premiere has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Board has established a Nomination and Remuneration Committee which operates in accordance with its Charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and the Executive Team.

The remuneration structure that has been adopted by the Group consists of the following components being fixed remuneration being annual salary and cash bonus.

The Nomination and Remuneration Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive Team.

The payment of bonuses, share options and other incentive payments will be reviewed by the Nomination and Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to pre-determined performance criteria.

Short Term Incentive (STI)

Premiere performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the Company values.

The performance measures are set annually after consultation with the Directors and Executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

Cash Bonuses

Cash bonuses are approved by the Company and paid on an annual basis to all staff, including executive KMP. The payment of the cash bonus is not contractual and is dependent on the Group's performance and KPI assessments. Amount paid is variable and at the discretion of the Company.

Use of Remuneration Consultants

No remuneration consultant has been engaged by the Company during the period.

b Details of remuneration

Details of the nature and amount of each element of the remuneration of each Key Management Personnel ('KMP') of Premiere are shown in the table below:

Director and other Key Management Personnel Remuneration										
Employee	Year	Short Term Employee Benefits			Post-Employment Benefits	Long-Term Benefits	Termination Benefits	Share-Based Payments	Total ($)	Performance Based Percentage of Remuneration
		Cash Salary & Fees ($)	Cash Bonus ($)	Non-Monetary Benefits ($)	Superannuation ($)	Long Service Bonus ($)	Termination Payments ($)	Options		
Executive Directors										
Zhan Aiping - Executive Director & CEO	2014	10,818	108,180	–	–	–	–	–	118,998	90.9%
	2013	10,038	66,920						76,958	87.0%
Ou Jinpei - Executive Director & General Manager of Sales	2014	8,654	27,045	–	–	–	–	–	35,699	75.8%
	2013	8,030	16,730						24,760	67.6%
Zhan Musheng - Non-Executive Chairman	2014	17,309	144,240	–	–	–	–	–	161,549	89.3%
	2013	16,061	92,015						108,076	85.1%
David Wheeler - Independent Non-Executive Deputy Chairman	2014	–	–	–	–	–	–	–	–	–
	2013	–	–	–	–	–	–	–	–	–
Lau Kay Heng - Independent Non-Executive Director	2014	–	–	–	–	–	–	–	–	–
	2013	–	–	–	–	–	–	–	–	–
Jiang Ting - Independent Non-Executive Director(1)	2014	–	–	–	–	–	–	–	–	–
	2013	–	–	–	–	–	–	–	–	–
Jack James - Independent Non-Executive Director(2)	2014	–	–	–	–	–	–	–	–	–
	2013	–	–	–	–	–	–	–	–	–

(1) Jiang Ting resigned on 18 March 2015, who held the Non-Executive director and Company Secretary position from 25 August 2014 to 18 March 2015.

(2) Jack James was appointed on 18 March 2015, effective from 18 March 2015. David Wheeler and Lau Kay Heng were appointed on 25 August 2014.

Premiere has signed Service Agreements with effective date from 25 August 2014. As remuneration will be paid upon successful listing of the Company since 12 February 2015, no remuneration after the Group restructure has been paid to the above KMP in the Year 2014.

Director and other Key Management Personnel Remuneration										
Employee	Year	Short Term Employee Benefits			Post-Employment Benefits	Long-Term Benefits	Termination Benefits	Share-Based Payments	Total ($)	Performance Based Percentage of Remuneration
		Cash Salary & Fees ($)	Cash Bonus ($)	Non-Monetary Benefits ($)	Superannuation ($)	Long Service Bonus ($)	Termination Payments ($)	Options		
Other Key Management Personnel										
Chan Sui Wa – Chief Financial Officer	2014 2013	85,860 60,120	– –	– –	4,812 –	– –	– –	– –	90,672 60,120	– –
Sun Yaowei - General Manager of Yangjiang Yuanda Petrochemical Co., Ltd	2014 2013	17,309 108,076	144,240 –	– –	– –	– –	– –	– –	161,549 108,076	89.3% –
Jiang Ting - Company Secretary	2014 2013	– –	– –	– –	– –	– –	– –	– –	– –	– –
Jack James - Company Secretary	2014 2013	– –	– –	– –	– –	– –	– –	– –	– –	– –
Li Zhongping – General Manager of Zhanjiang Industrial Production Materials Co., Ltd	2014 2013	8,654 21,749	27,045 –	– –	– –	– –	– –	– –	35,699 21,749	75.8% –
Jiang Qiguo - General Manager, Procurement[(1)]	2014 2013	5,409 –	27,045 –	– –	– –	– –	– –	– –	32,454 –	83.3% –
2014 Total	**2014**	**154,013**	**477,795**	**–**	**4,812**	**–**	**–**	**–**	**636,620**	**75.1%**
2013 Total	**2013**	**224,074**	**175,665**	**–**	**–**	**–**	**–**	**–**	**399,739**	**43.9%**

[(1)] Jiang Qiguo was appointed as General Manager of Procurement on 1 April 2014.

c Service agreements

Remuneration and other terms of employment for the Executive Directors are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base Salary	Term of Agreement	Notice Period
Zhan Aiping	156,000	Commenced on 25 August 2014	6 months
Ou Jinpei	109,200	Commenced on 25 August 2014	6 months
Jack James	48,000	Commenced on 18 March 2015	6 months

d Share-based remuneration

There are no options or equity instruments issued by Premiere to directors or KMP as part of their remuneration.

e Transaction and Balances with Key Management Personnel (KMP) and related parties

Transactions with key management personnel

No transaction with key management personnel existed during the year ended 31 December 2014.

Balances with key management personnel

Amounts receivable from and payable to key management personnel and the Group at balance date comprise the following:

2014	**Receivable from related party $'000**	**Payable to related party $'000**
Mr.Zhan Aiping — Director	158,381	—
	158,381	**—**

2013	**Receivable from related party $'000**	**Payable to related party $'000**
Mr.Zhan Aiping — Director	167,529	—
Total related party balances	**167,529**	**—**

Related party transactions have been determined to be on an arm's length basis, which comprise of related party loans and no specific terms and conditions have been attached to the transactions above.

Director shareholdings

31 December 2014	Opening Balance	Received as Compensation	Options Exercised	Net Change Other	Closing Balance	% of Total Number of Shares
Zhan Musheng	1	—	—	704,966,929	704,966,930	76.833%
David Wheeler	—	—	—	35,000	35,000	0.004%
Zhan Aiping	—	—	—	—	—	
Ou Jinpei	—	—	—	—	—	—
Lau Kay Heng	—	—	—	—	—	—
Jiang Ting*	—	—	—	—	—	—
Jack James**		—	—	—	—	—
Total	1	—	—	705,001,930	705,001,930	76.837%

* Jiang Ting resigned on 18 March 2015, who held the company secretary position from 25 August 2014 to 18 March 2015.

** Jack James was appointed on 18 March 2015, effective from 18 March 2015.

End of audited Remuneration Report.

Environmental legislation

The Group's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Indemnities given to, and insurance premiums paid for, auditors and officers

Subsequent to our listing in early March 2015, Premiere paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group and each Director have entered into a Deed of Access, Indemnity and Insurance, which does indemnify the directors for liability incurred as an officer of the Group to the maximum extent permitted by law.

Non-audit services

During the year, Grant Thornton Audit, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board will consider the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit Committee, will be satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and will be reviewed by the Audit Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and

- The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants,* as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton Audit, and its related practices for audit and non-audit services provided during the year are set out in Note 7 to the Financial Statements.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 17 of this financial report and forms part of this Directors' Report.

Proceedings of behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of amounts

Premiere is a type of Company referred to in ASIC Class Order 98/100 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the Class Order.

Signed in accordance with a resolution of the Directors.

Zhan Aiping
Director

31 March 2015

Grant Thornton

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF PREMIERE EASTERN ENERGY LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Premiere Eastern Energy Limited for the year ended 31 December 2014, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S J Gray
Partner – Audit & Assurance

Adelaide, 31 March 2015

Grant Thornton Audit Pty Ltd ABN 94 269 609 023 ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Premiere Eastern Energy Ltd and its Controlled Entities ('the Group') have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

The Group complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments ('the ASX Principles'). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight (8) core principles. All of these practices, unless otherwise stated, were in place for the full reporting period.

Further information on the Group's corporate governance policies and practices can be found on Premiere's website at http://www.group-premiere.com.

Principle 1: Lay solid foundations for management and oversight

Functions of the Board and Management

The Board of Directors is responsible for the corporate governance of the Group and operates in accordance with the principles set out in its Charter, which is available in the corporate governance section of Premiere's website. To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of Directors and for the operation of the Board. These responsibilities include:

- Setting the strategy for the Group, including operational and financial objectives and ensuring that there are sufficient resources for this strategy to be achieved;
- Appointing and, where appropriate, removing the Chief Executive Officer ('CEO'), approving other key executive appointments and planning for executive succession;
- Overseeing and evaluating the performance of the CEO and the Executive Team through a formal performance appraisal process having regard to the Group's business strategies and objectives;
- Monitoring compliance with legal, regulatory and occupational health and safety requirements and standards;
- Overseeing the identification of key risks faced by the Group and the implementation of an appropriate internal control framework to ensure those risks are managed to an acceptable level;
- Approving the Group's budgets, including operational and capital budgets, and the approval of significant acquisitions, expenditures or divestitures;
- Approval of the annual and half-yearly financial reports; and
- Ensuring the market and shareholders are fully informed of material developments.

The responsibility for the operation and administration of the Group is delegated by the Board to the Chief Executive Officer ('CEO') and the Executive Management Team. The Board ensures that both the Managing Director ('MD') and Executive Team, including the CEO, are appropriately qualified and experienced to discharge their responsibilities and, as discussed above, has in place procedures to monitor and assess their performance.

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established the following sub-committees:

- Audit Committee;
- Nomination and Remuneration Committee.

Sub-committees are able to focus on a particular responsibility and provide informed feedback to the Board. Each of these sub-committees have established Charters and operating procedures in place, which are reviewed on a regular basis. The Board may also establish other sub-committees from time to time to deal with issues of special importance.

Senior Executive performance evaluation

The Board reviews the performance of the MD and Executive Team on a half-yearly basis. Performance is measured against a set of key performance indicators which have been established with reference to the Group's strategy and the individual's responsibilities.

The Nomination and Remuneration Committee annually reviews and determines the remuneration arrangements for the MD and Executive Team, submitting their recommendations to the Board for approval.

Principle 2: Structure the Board to add value

Board composition

The names of the members of the Board as at the date of this report are as follows:

- Mr Zhan Musheng — Non-Executive Chairman
- Mr David Wheeler — Independent Non-Executive Deputy Chairman
- Mr Zhan Aiping — Executive Director and Chief Executive Officer
- Mr Ou Jinpei — Executive Director
- Mr Jack James — Independent Non-Executive Director
- Mr Lau Kay Heng — Independent Non-Executive Director

The Board's composition is determined with regard to the following criteria:

- A majority of independent Non-Executive Directors and a Non-Executive Director as Chairman;
- A majority of Directors having extensive experience in the industries that the Group operates in, with those that do not, having extensive experience in significant aspects of financial reporting and risk management in large ASX Listed Companies;
- Re-election of Directors at least every three (3) years (except for the Managing Director and Chief Executive Officer);
- The size of the Board is appropriate to facilitate effective discussion and efficient decision making;

- There are a sufficient number of Directors to serve on Board sub-committees without overburdening the Directors of making it difficult for the Directors to effectively discharge their responsibilities.

With regards to Director Independence, the Board has adopted specific principles which state that an Independent Director must not be a member of management and must comply with the following criteria:

- Not, within the last three (3) years, have been employed in an executive capacity by Premiere or any other member of the Group;
- Not be a substantial shareholder or be associated either directly or indirectly with a substantial shareholder;
- Not, within the last three (3) years, have been a professional advisor to the Group either as a principal, or material consultant, or an employee materially associated with the service provided;
- Are not a material supplier or customer of the Group or associated either directly or indirectly with a material supplier or customer of the Group; and
- Have no material contractual relationship with any Entity within the Group other than in the capacity as a Director.

The Board undertakes an annual review of the extent to which each Non-Executive Director is independent, having regard to the criteria set out in its Charter. As part of this review, each Director is required to make an annual declaration stating their compliance with the independence criteria to the Board. As at the date of this report, the three (3) Non-Executive Directors have submitted their annual declaration to the Board, and the Board is satisfied that they have retained their independence throughout the reporting period.

Individual details of the Directors, including period in office, Board Committee memberships, qualifications, experience and skills are set out in the information on Directors section of the Directors' Report.

Role of the Chairman

The Board Charter provides that the Chairman should be an Independent Non-Executive Director. The Chairman is responsible for the leadership of the Board. This includes taking responsibility for ensuring that the Board functions effectively and that they comply with the continuous disclosure requirements of the ASX with regard to communicating the operations and activities of the Group to shareholders. The Chairman's responsibilities are set out in the Board Charter and include:

- Setting the agenda for Board meetings;

- Managing the conduct, frequency and length of Board meetings to ensure that all Directors Have had the opportunity to establish a detailed understanding of the issues affecting the Group;

- Facilitating the Board meetings to ensure effective communication between the Directors and that all Directors have contributed to the decision making process thereby leading to a considered decision being made in the best interest of the Group and its shareholders.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee oversees the appointment and induction process for Directors and the selection, appointment and succession planning process of the Group's Managing Director and Chief Executive Officer. A copy of the Committee's Charter is available on Premiere's website at http://www.group-premiere.com/company.php?id=6.

When a vacancy exists or there is a need for a particular skill, the Committee, in consultation with the Board, determines the selection criteria that will be applied. The Committee will then identify suitable candidates, with assistance from an external consultant if required, and will assist the Board in interviewing and assessing the selected candidates.

Directors are initially appointed to office by the Board and must stand for re-election at the Group's next Annual General Meeting of shareholders. Directors must then retire from office and nominate for re-election at least once every three (3) years with the exception of the Managing Director and Chief Executive Officer.

In a directors' meeting after the listing on 12 February 2015, it was proposed that the Nomination and Remuneration Committee comprises Mr David Wheeler (Chairman), Mr Lau Kay Heng and Mr Zhan Aiping, being a majority of Independent Non-Executive Directors. Details of attendance at Nomination and Remuneration Committee meetings are set out in the Meetings of Directors section of the Directors' Report.

Directors' performance evaluation

The Board undertakes an assessment of its collective performance, the performance of the Board Committees and the Chairman on an annual basis.

The Chairman meets each Director on an individual basis to discuss their performance and to provide feedback. The results of this discussion including any key areas for development are formally documented.

Each Board Committee annually reviews the fulfilment of its responsibilities as set out in its Charter and provides a report with a summary of issues and recommendations for the Board's review. Upon review the Board will then provide their feedback to the Committee including an endorsement of the recommendations made.

These performance evaluations were carried out in December 2013 and were compliant with the Group's established practices.

Independent professional advice and access to information

Each Director has the right of access to all relevant information in the Group in addition to access to the Group's executives. Each Director also has the right to seek independent professional advice subject to prior consultation with, and approval from, the Chairman. This advice will be provided at the Group's expense and will be made available to all members of the Board.

Insurance

The Group has in place, a Directors and Officers liability insurance policy providing a specified level of cover for current and former Directors and Executive Officers of the Group against liabilities incurred whilst acting in their respective capacity.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

The Group recognises the importance of establishing and maintaining high ethical standards and decision making in conducting its business and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and employees are expected to act with the utmost integrity, honesty and objectivity, striving at all times to enhance the reputation and performance of the Group.

The Group has established a Code of Conduct, copies of which are available on Premiere's website under the corporate governance section. New employees are introduced to the Code of Conduct as part of their induction training. Employees sign a declaration confirming receipt of the Code of Conduct and their compliance with it. Periodical training is then provided throughout the course of their employment.

Unethical practices, including fraud, legal and regulatory breaches, and policy breaches are required to be reported on a timely basis to management. Reporting parties are able to do so without fear of reprisal or retribution as their identity and report are kept in the strictest confidence. External third party reporting procedures are available to employees to provide them with the assurance that their identity will be kept confidential at all times.

Whistle-blower Policy

The Board does not currently have a whistle-blower policy but are in the process of identifying an appropriate policy to put in place.

Security Trading Policy

The Group has established a security trading policy which governs the trading in the Group's securities and applies to all Directors and employees of the Group. A copy of this policy is available on Premiere's website under http://www.group-premiere.com/company.php?id=6.

Under this security trading policy, an employee, Executive or Director must not trade in any securities of the Group at any time when they are in possession of unpublished, price sensitive information in relation to those securities.

Before commencing to trade, an Executive or employee must first obtain the permission of the Company Secretary to do so, and a Director must obtain the permission of the Chairman. The trading windows are four (4) weeks after the release of the half year results, full year results and the holding of the Annual General Meeting. Trading of securities outside the trading windows can only occur in exceptional circumstances and with the approval of the Company Secretary.

As required by the ASX listing rules, the Group notifies the ASX of any transaction conducted by Directors in the securities of the Group.

Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent. A copy of the Company's Diversity Policy is available on Premiere's website at http://www.group-premiere.com/company.php?id=6. This Diversity Policy outlines the requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. Accordingly, the Company will continue its assessment of the diversity of its Board and senior executive positions.

Principle 4: Safeguard integrity in financial reporting

Audit Committee

An Audit Committee has been established by the Board. The Committee's role and operations are documented in a Charter which is approved by the Board. This Charter is available on Premiere's website under http://www.group-premiere.com/company.php?id=6.

The Committee's Charter provides that all members of the Audit Committee must be Independent Non-Executive Directors and that the Chair cannot be the Chairman of the Board. Members of the Committee throughout the period and at the date of this report are Mr Jiang Ting (Chair), Mr Lau Kay Heng and Mr David Wheeler, all of whom are Independent Non-Executive Directors of the Group.

The purpose of the Committee is to:

- Ensure the integrity of the Group's internal and external financial reporting including compliance with applicable laws and regulations;

- Ensure that financial information provided to the Board is of a sufficiently high quality to allow the Board to make informed decisions;

- Ensure that appropriate and effective internal systems and controls are in place to manage the Group's exposure to risk;

- Oversee the appointment, compensation, retention and oversight of the external auditor, and review of any non-audit services provided by the external auditor; and

- Regularly review the performance of the external auditor regarding quality, costs and independence.

The Managing Director, Chief Financial Officer and external auditor also regularly attend the Committee meetings by standing invitation. Other Directors and management are invited to attend Committee meetings and participate in discussion relating to specific issues that they have an interest in.

The Committee is authorised to obtain independent legal advice at the Group's expense if it considers it necessary in fulfilling its duties.

Principle 5: Make timely and balanced disclosure

Premiere has established policies and procedures to ensure timely and balanced disclosure of all material matters concerning the Group, and ensure that all investors have access to information on the Group's financial performance. This ensures that the Group is compliant with the information disclosure requirements under the ASX Listing Rules.

These policies and procedures include a comprehensive Disclosure Policy that includes identification of matters that may have a material impact on the price of Premiere's securities, notifying them to the ASX, posting relevant information on the Group's website and issuing media releases. These policies are available on Premiere's website under www.group-premiere.com.

Matters involving potential market sensitive information must first be reported to the Managing Director either directly or via the Company Secretary. The Managing Director will advise the other Directors if the issue is important enough to warrant the consideration of the full Board. In all cases the appropriate action must be determined and carried out in a timely manner in order for the Group to comply with the continuous disclosure requirements of the ASX.

Once the appropriate course of action has been agreed upon, either the Managing Director or Company Secretary, being the only authorised officers of the Group who are able to disclose such information, will disclose the information to the relevant authorities. Board approval is required for market sensitive information such as financial results, material transactions or upgrading/downgrading financial forecasts. This approval is minuted in the meetings of the Board of Directors.

Principle 6: Respect the rights of shareholders

Premiere has established a Shareholder Communications Policy which describes the Group's approach to promoting effective communication with shareholders which includes:

- The Annual Report, including relevant information about the operations of the Group during the year, key financial information, changes in the state of affairs and indications of future developments. The Annual Report can be accessed either through the ASX website or Premiere's website under http://www.group-premiere.com/download.php?id=22;

- The half year and full year financial results are announced to the ASX and are available to shareholders via the Premiere and ASX websites;

- All announcements made to the market and related information (including presentations to investors and information provided to analysts or the media during briefings), are made available to all shareholders under the investor information section of Premiere's website after they have been released to the ASX;

- Detailed notices of shareholder meetings are sent to all shareholders in advance of the meeting; and

- Shareholding and dividend payment details are available through the Group's Share Register, Boardroom Pty Limited.

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions. The shareholders are requested to vote on matters such as the adoption of the Group's remuneration report, the granting of options and shares to Directors and changes to the Constitution.

The external auditor attends the Annual General Meeting to answer any questions concerning the audit of the Group and the contents of the Auditor's Report.

Principle 7: Recognise and manage risk

Risk management framework

Premiere recognises that a robust risk management framework is essential for corporate stability, protecting the interests of its stakeholders and for sustaining its competitive market position and long term performance.

The following objectives drive the Group's approach to risk management:

- Having a culture that is risk aware and supported by high standards of accountability at all levels;
- Promoting and achieving an integrated risk management approach whereby risk management forms a part of all key organisational processes;
- Supporting more effective decision making through better understanding and consideration of risk exposures;
- Increasing shareholder value by protecting and improving share price and earnings per share in the short to medium term while building a sustainable business in the longer term;
- Safeguarding the Group's assets;
- Enabling the Board to fulfil its governance and compliance requirements; and
- Supporting the sign off for ASX Principles four and seven by the Chief Executive Officer and Chief Financial Officer.

In achieving effective risk management, Premiere recognises the importance of leadership. As such, the Board and executive management have responsibility for driving and supporting risk management across the Group. Each subsidiary then has responsibility for implementing this approach and adapting it, as appropriate, to its own circumstances.

Risk Management Policy

Under its Charter, the Board is responsible to oversee the implementation and review of risk management and related internal compliance and control systems throughout the Group.

The Board reviews the appropriateness and adequacy of internal processes for determining, assessing and monitoring risk areas including the assessment of the effectiveness of the Group's internal compliance and controls including:

- The existence and adequacy of key policies and procedures;
- The adequacy of disclosures and processes for regular reporting of information to the Appropriate parties, including the Board.

The Board is also responsible for monitoring the Group's compliance with applicable laws and regulations including:

- Ensuring that management is reviewing developments and changes in applicable laws and regulations relating to the Group's responsibilities;
- Reviewing management's actions and responses to ensure that the Group's practices are compliant with all new developments;
- Reviewing material actual and suspected breaches of applicable laws and regulations, and any breaches of Group policies;
- Reviewing material litigation, legal claims, contingencies or significant risks relating to the Group; and
- Reviewing Director and executive management related party transactions.

Major issues and findings are reported monthly to the Board by the Executive Director and Chief Financial Officer.

Corporate reporting

The Board has required management to design and implement a Risk Management and Internal Control System to manage the Group's material business risks and to report on whether those risks are being effectively managed.

Principle 8: Remunerate fairly and responsibly

Nomination and Remuneration Committee

As previously stated in Principle 2, the Board has established a Nomination and Remuneration Committee whose role is documented in a Charter which is approved by the Board.

The objective of the Committee with respect to its remuneration function is to assist the Board in determining appropriate remuneration arrangements for the Directors and Executive management.

These objectives include:

- Reviewing the adequacy and form of remuneration of Independent Non-Executive Directors;

- Ensuring that the remuneration of the Independent Non-Executive Directors is reflective of the responsibilities and the risks of being a Director of the Group;

- Reviewing the contractual arrangements of the Managing Director and the executive management team including their remuneration;

- Comparing the remuneration of the Managing Director and executive management to comparable groups within similar industries to ensure that the remuneration on offer can attract, retain and properly reward performance which will translate into long term growth in shareholder value;

- Annually review key performance indicators of the Managing Director and Executive Team to ensure that they remain congruent with the Group's strategies and objectives;

- Reviewing the basis for remuneration of other Executive Directors of the Group for their services as Directors;

- Reviewing incentive performance arrangements when instructed by the Board; and

- Reviewing proposed remuneration arrangements for new Director or Executive appointments.

The Committee will submit their recommendations to the Board regarding the remuneration arrangements and performance incentives for the Managing Director and Executive Team. The Board will review these recommendations before providing their approval.

Details of the Group's remuneration structure and details of Senior Executives' remuneration and incentives are set out in the Remuneration Report contained within the Directors' Report. The Remuneration Report also contains details on the structure of Non-Executive Director Remuneration.

PREMIERE EASTERN ENERGY
ABN 58 169 923 095

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 31 DECEMBER 2014

	Note	2014 $'000	2013 $'000
Revenue	4	926,935	849,169
Cost of goods sold		(870,121)	(797,462)
Gross profit		56,814	51,707
Other income	4	529	427
Operating expenses		(11,353)	(9,686)
Administrative expenses		(1,307)	(1,508)
Finance costs		(13)	(807)
Profit before income tax	5	44,670	40,133
Income tax expense	6	(11,369)	(10,325)
Profit For The Year		**33,301**	**29,808**
Other Comprehensive Income For The Year, Net of Tax			
Items that may be reclassified subsequently to profit or loss			
Exchange gain/(loss) differences arising on the translation of foreign operations		13,919	(8,150)
Total Comprehensive Income For The Year Attributable to Members		**47,220**	**21,658**
Profit for the year attributable to:			
Non-controlling interest		1,021	928
Owner of the Parent		32,280	28,880
Total comprehensive income attributable to:			
Non-controlling interest		1,417	684
Owner of the Parent		45,803	20,974
Earnings per share (on profit attributable to ordinary equity holders)		**Cents**	**Cents**
— Basic earnings per share (cents per share)	9	6.27	N/A
— Diluted earnings per share (cents per share)	9	6.27	N/A

The accompanying notes form part of these financial statements.

PREMIERE EASTERN ENERGY
ABN 58 169 923 095

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	2014 $'000	2013 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	133,542	87,408
Trade and other receivables	11	66,397	57,709
Inventories	12	6,051	11,823
Prepayments	13	1,534	1,972
TOTAL CURRENT ASSETS		207,524	158,912
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,663	1,740
Land-use rights	17	11,304	10,735
TOTAL NON-CURRENT ASSETS		12,967	12,475
TOTAL ASSETS		220,491	171,387
CURRENT LIABILITIES			
Trade and other payables	18	37,002	39,698
Convertible notes	19	—	12,906
Non-convertible debt	19	7,633	—
Current tax liabilities	20	3,379	2,044
TOTAL CURRENT LIABILITIES		48,014	54,648
TOTAL LIABILITIES		48,014	54,648
NET ASSETS		**172,477**	**116,739**
EQUITY			
Issued capital	22	8,518	—*
Other reserves	23	8,507	(5,412)
Retained earnings		150,233	117,953
Non-controlling interest	24	5,219	4,198
TOTAL EQUITY		**172,477**	**116,739**

*Share capital assets is AUD 0.16 rounded to zero due to its amount less AUD 1,000.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2014

	Share Capital Ordinary $'000	Other Reserves $'000	Retained Earnings $'000	Non-controlling Interest $'000	Total $'000
Balance at 31 December 2012	—	2,738	89,073	3,270	95,081
Profit for the year	—	—	28,880	928	29,808
Other comprehensive income	—	(8,150)	—	—	(8,150)
Total comprehensive income		(8,150)	28,880	928	21,658
Balance at 31 December 2013	—	(5,412)	117,953	4,198	116,739
Profit for the year	—	—	32,280	1,021	33,301
Shares issued during the year	8,518	—	—	—	8,518
Other comprehensive income	—	13,919	—	—	13,919
Total comprehensive income		13,919	32,280	1,021	47,220
Balance at 31 December 2014	8,518	8,507	150,233	5,219	172,477

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
FOR YEAR ENDED 31 DECEMBER 2014

	Note	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		918,214	837,937
Payments to suppliers and employees		(874,687)	(800,624)
Interest received		529	368
Finance costs		(13)	(33)
Income tax paid		(10,034)	(10,736)
Sales and other taxes		(1,195)	(5,154)
Net cash provided by operating activities	30	32,814	21,758
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		—	586
Proceeds/(Payments) from/(to) related parties		—	(302)
Payment made to related parties for the acquisition of additional interest in the subsidiary		—	(1,774)
Net cash provided by (used in) investing activities		—	(1,490)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(Payments) from/(to) non-related parties		23	(21)
Payments to related parties		(7)	—
Net cash used in financing activities		16	(21)
Net change in cash and cash equivalents held		32,830	20,247
Cash and cash equivalents at beginning of financial year	10	87,408	53,897
Effect of exchange rates on cash holdings in foreign currencies		13,304	13,264
Cash and cash equivalents at end of financial year	**10**	**133,542**	**87,408**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1: NATURE OF OPERATIONS

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

These activities are grouped into the following service lines:

- Refined Petroleum – trading of various grades of gasoline and diesel oil used mainly by automobiles.

- Other Petrochemicals service – trading of mixed aromatics, C5 non aromatics, fuel oil, naphtha and MBTE used mainly for gasoline blending

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

NOTE 2: GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

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

Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). Premiere Eastern Energy Limited is a for-profit entity for the purpose of preparing the financial statements. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

There are new accounting standards that have been published that are not mandatory for current reporting periods. The Group's assessment of the impact of these new standards and interpretations is that there would be no material impact on the historical financial information.

Premiere Eastern Energy Limited is the Group's Ultimate Parent Company. Premiere Eastern Energy Limited is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Level 25, 108 St Georges Terrace, Perth, Western Australian 6000.

The consolidated financial statements for the year ended 31 December 2014 were approved and authorised for issue by the Board of Directors on 31 March 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Premiere Eastern Energy Limited and controlled entities ('Consolidated Group' or 'Group'). Premiere Eastern Energy Limited listed on the Australian Securities Exchange ("ASX") on 12 February 2015. All subsidiaries have a reporting date of 31 December.

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

a. **Principles of Consolidation**

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2014. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business Combination

Premiere Eastern Energy ("Premiere") was incorporated on the 4 June 2014 to facilitate the listing of Genius Supreme Investments Limited ("Genius") on the Australian Securities Exchange. Pursuant to a Share Sale Agreement dated 29 August 2014, Genius became a wholly owned subsidiary of Premiere (business combination). Premiere and Genius are owned and controlled by the same shareholder (before and after the business combination) therefore the business combination represents a common control transaction.

Business combination involving entities under common control is scoped out under AASB 3: Business Combination. AASB provides no guidance on the accounting for these types of transactions; however requires an entity to develop an accounting policy. The two most common methods utilised are the purchase method and the pooling of interest-type method (predecessor values method). A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party, both before and after the business combination, and control is not transitory.

Management has determined the pooling of interest-type method to be most appropriate. The pooling of interest-type method requires the financial statements to be prepared using the predecessor book values without any step up to fair value. The difference between any consideration given and the aggregate book value of the assets and liabilities of the acquired entity are recorded as an adjustment to equity. This is recorded in reserve and no additional goodwill is created by the transaction. The comparatives have been presented as if the transaction took place at the beginning of the earliest comparative period.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss. There is no contingent consideration in the business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where temporary differences exist in relation to investments in subsidiaries, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. **Inventories**

Inventories are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less estimated costs of completion and costs necessary for market sale.

d. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	***Depreciation Rate***	***Depreciation Basis***
Office equipment	10%	Straight line
Buildings	3%	Straight line
Motor vehicles	12.5%	Straight line
Oil depot equipment	12.5%	Straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

e. **Financial Instruments**

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. Financial Liabilities

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

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit and loss.

f. Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit and loss.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. Land-use rights

Land use rights have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

Amortisation of land-use rights is calculated using the straight line method to allocate the cost of land use-rights over its estimated useful life of 37 years.

The carrying amount of land-use rights is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

— assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

— income and expenses are translated at average exchange rates for the period; and

— retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the other comprehensive income in the period in which the operation is disposed.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

j. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

l. Revenue and Other Income

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

m. Borrowing Costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings and convertible note. Borrowing cost directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST and VAT, except where the amount of GST or VAT incurred is not recoverable from the Tax Office. In these circumstances the GST and VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST and VAT.

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

o. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid according to term.

p. Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjust the figures used to determine basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

q. Comparative Figures

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

r. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates — Impairment

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

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s. **New and revised standards that are effective for these financial statements**

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2014. Information on these new standards is presented below.

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*

The Standard amends AASB 124 *Related Party Disclosures* to remove the individual Key Management Personnel ('KMP') disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards.

In mid-2013, the Australian government passed *Corporations and Related Legislation Amendment Regulation 2013 (No. 1)* and *Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No. 1)* to insert these disclosures, with minor changes, into Corporations Regulations 2001. These disclosures are required to be included in remuneration reports for financial years commencing on or after 1 July 2013.

As a result of these amendments, the Group has transferred certain individual Key Management Personnel disclosures relating to shareholdings, options/rights holdings, loans and other transactions from the notes to the financial statements to the remuneration report.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014.

The adoption of these amendments has not had a material impact on the Group as the amendments merely clarify the existing requirements in AASB 132.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 *Fair Value Measurement*, the IASB decided to amend IAS 36 *Impairment of Assets* to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

AASB 2013-3 makes the equivalent amendments to AASB 136 *Impairment of Assets* and is applicable to annual reporting periods beginning on or after 1 January 2014.

The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities*

The amendments in AASB 2013-5 provide an exception to consolidation to investment entities and require them to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 *Financial Instruments* (or AASB 139 *Financial Instruments: Recognition and Measurement* where AASB 9 has not yet been adopted). The amendments also introduce new disclosure requirements for investment entities that have subsidiaries.

These amendments apply to investment entities, whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Examples of entities which might qualify as investment entities would include Australian superannuation entities, listed investment companies, pooled investment trusts and Federal, State and Territory fund management authorities.

AASB 2013-5 is applicable to annual reporting periods beginning on or after 1 January 2014.

This Standard has not had any impact on the Group as it does not meet the definition of an 'investment entity' in order to apply this consolidation exception.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t. Accounting standards issued but not yet effective and not been adopted early by the Group

The accounting standards that have not been early adopted for the year ended 31 December 2014, but will be applicable to the Group in future reporting periods, are detailed below. Apart from these standards, other accounting standards that will be applicable in future periods have been reviewed, however they have been considered to be insignificant to the Group.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows

- allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument

- introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases

- where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

  - the change attributable to changes in credit risk are presented in other comprehensive income (OCI)

  - the remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and

- derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2013-3 Recoverable Amount Disclosures for Non-Financial Assets

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets.

When these amendments are first adopted for the year ending 31 December 2015, they are unlikely to have any significant impact on the entity given that they are largely of the nature of clarification of existing requirements.

AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

(a) clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and

(b) amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

When these amendments are first adopted for the year ending 31 December 2015, they are unlikely to have any significant impact on the entity.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)

Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 Hedge Accounting into AASB 9 and to amend reduced disclosure requirements for AASB 7 Financial Instruments: Disclosures and AASB 101 Presentation of Financial Statements.

The entity has not yet assessed the full impact of these amendments.

AASB 15 Revenue from Contracts with Customers

AASB 15: replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:

- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue.

In the Australian context, AASB 15 will apply to contracts of not for-profit (NFP) entities that are exchange transactions. AASB 1004 Contributions will continue to apply to non-exchange transactions until the Income from Transactions of NFP Entities Project is completed (with an Exposure Draft inviting public comment on those proposals targeted for issue in Q1 2015).

The entity has yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the standard is not expected to have a material impact on the transactions and balances recognized in the financial statements when it is first adopted for the year ended 31 December 2017.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two limited circumstances:

- the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The Australian Accounting Standards Board (AASB) have issued the equivalent Australian amendment AASB 2014-4. When these amendments are first adopted for the year ending 31 December 2017, they are unlikely to have any significant impact on the entity.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to limit the use of revenue based depreciation and amortisation methods.)

This is the second amending standard implementing the IASB's May amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

The changes as a result of the IASB's decision that revenue based methods are not appropriate as they do not reflect the underlying principle that depreciation/amortisation should be based on the 'consumption of the expected future economic benefits embodied in the asset'. Revenue based methods reflect a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits.

The revenue based method can still be used for amortisation for intangible assets if it can be demonstrated that revenue is directly related to the consumption of economic benefits of the intangible asset.

The Australian Accounting Standards Board (AASB) have issued the equivalent Australian amendment AASB 2014-4. When these amendments are first adopted for the year ending 31 December 2017, they are unlikely to have any significant impact on the entity.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 and AASB)

The amendments to AASB 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined in AASB 3 Business Combinations, should:

- apply all of the principles on business combinations accounting in AASB 3 and other AASBs except principles that conflict with the guidance of AASB 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e. the existing interest is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and

- provide disclosures for business combinations as required by AASB 3 and other AASBs.

The Australian Accounting Standards Board (AASB) have issued the equivalent Australian amendment AASB 2014-3.

The entity has not yet assessed the full impact of these amendments, however they are unlikely to have any significant impact on the entity.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective and has not yet assessed the impact of these standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 4: REVENUE

	Note	2014 $'000	2013 $'000
Sales revenue			
— Sale of goods		926,935	849,169
Other income			
— Bank Interest received		529	427
		927,464	849,596

NOTE 5: PROFIT FOR THE YEAR

	Note	2014 $'000	2013 $'000
Expenses			
Finance costs:			
— Interest expense		—	796
— Bank charges		13	11
Total finance costs		13	807
Employee wages and benefits		956	682
Oil depot rental expense		200	742
Included in administrative expenses are:			
— Depreciation and amortisation	7	477	439
— Audit fees		115	65
— (Gain)/loss on the disposal of property, plant and equipment		—	(59)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 6: INCOME TAX EXPENSE

	Note	2014 $'000	2013 $'000
a. The components of tax expense comprise:			
Current tax		11,369	10,325
Deferred tax		—	—
Current tax expense/(benefit)		11,369	10,325

The Australian assessable earning will be taxed at 30% (2013: 30%). The Chinese assessable earnings will be taxed at 25%.

	2014 $	2013 $
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Profit before income tax	44,670	40,133
Prima facie tax payable on profit from ordinary activities before income tax at China tax rates of 25%		
— consolidated group	11,167	10,033
— parent entity	—	—
Add:		
Adjustments of entities not taxed at 25%	202	292
Income tax attributable to entity	11,369	10,325
The applicable weighted average effective tax rates are as follows:	25%	25%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 7: AUDITORS' REMUNERATION

	2014 $'000	2013 $'000
Audit services		
Amounts received or due and receivable by the auditor of Premiere for:		
— auditing or reviewing the financial statements	115	65
Total audit services	115	65
Non-audit services		
Amounts received or due and receivable by the auditor of Premiere for:		
— investigating accountant's report	45	—
— tax report	5	—
Total non-audit services	50	—

NOTE 8: DIVIDENDS

The Directors have resolved not to declare any final dividend.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 9: EARNINGS PER SHARE

a. Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company (Premiere) as the numerator.

	2014 $'000	2013 $'000
Reconciliation of earnings to profit or loss		
Profit used to calculate basic EPS and dilutive EPS	33,301	N/A

	2014 Numbers	2013 Numbers
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS and dilutive EPS	531,428,572	N/A

c. Earnings per share attributable to equity holders of Premiere

	2014 cents	2013 cents
Basic earnings per share	6.27	N/A
Diluted earnings per share	6.27	N/A

NOTE 10: CASH AND CASH EQUIVALENTS

	2014 $'000	2013 $'000
Cash at bank and in hand	133,542	87,408
	133,542	87,408

NOTE 11: TRADE AND OTHER RECEIVABLES

	Note	2014 $'000	2013 $'000
CURRENT			
Trade receivables	11a	66,237	57,516
Other receivables		160	193
		66,397	57,709

a. Trade receivables past due but not impaired:

Current trade receivables are non-interest bearing and generally on 30 day terms. As of 31 December 2014, trade receivables of $14,278,000 (2013: $13,816,000) were past due but not impaired. These relate to independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014 $'000	2013 $'000
31-60 days	5,900	9,776
61-90 days	1,552	1,660
90-180 days	6,826	2,380
Total	14,278	13,816

The other balances within trade receivables are not past due and do not contained impaired assets. Based on the credit history of these receivables, it is expected that these amounts will be received when due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 12: INVENTORIES

	2014 $'000	2013 $'000
CURRENT		
Inventory at cost	6,051	11,823
Provision for obsolete stock	—	—
Net inventory	6,051	11,823

Inventories are valued at the lower of cost and net realisable value. Inventory includes various forms of refined petrol and petrol chemical items held for sale. Inventory has been determined to be valued at the lower of cost and net realisable value at balance date. There has been no provision for obsolete stock raised in the current or previous financial period.

NOTE 13: PREPAYMENTS

	2014 $'000	2013 $'000
CURRENT		
Prepayments	1,534	1,972
Total prepayments	1,534	1,972

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 14: CONTROLLED ENTITIES

a. Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)[1] 2014 %	2013 %
Ultimate Holding Company			
Premiere Eastern Energy Limited ("Premiere Australia")	Australia		
Subsidiary of Premiere Eastern Energy Limited:			
Genius Supreme Investments Limited ("Genius")	Hong Kong	100	100
Subsidiaries of Genius Supreme Investments Limited			
Yangjiang Yuanda Petrolchemical Co., Ltd ("Yangjiang Yuanda")	People's Republic of China	97	97
Subsidiary of Yangjiang Yuanda Petrolchemical Co. Ltd			
Yangjiang Yuanda Information Consultancy Co., Ltd ("Yuanda Information")	People's Republic of China	100	100
Subsidiary of Yangjiang Yuanda Information Consultancy Co., Ltd			
Zhanjiang Industrial Production Materials Co., Ltd ("Zhanjiang Industrial")	People's Republic of China	91.52[2]	91.52[2]

(1) Percentage of voting power is in proportion to ownership.

(2) Pursuant to the share transfer agreement dated 12 August 2011, all rights and obligations are assumed by Yuanda Information. Therefore 100% of all risks and rewards are attributable to Yuanda Information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 15: ACQUISITION OF GENIUS

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

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

As Premiere was incorporated specifically for the purpose of this transaction and the subsequent equity raising, the fair value of the equity instruments issued has been estimated by reference to the value of historical (Genius's) net assets.

The following has been extracted from the audited financial information of Premiere Singapore as at 30 June 2014.

	30 June 2014 **$'000**
The assets and liabilities of Premiere Singapore as at 30 June 2014 were:	
Cash and cash equivalents	99,023
Trade and other receivables	47,352
Inventories	5,580
Prepayments	1,015
Property, plant and equipment	1,530
Land-use rights	9,890
Trade and other payables	(27,631)
Convertible notes	(13,570)
Current tax liabilities	(2,452)
Total net assets acquired	**120,737**
Accounted for as:	
Issued capital	—
Foreign exchange translation reserve	7,964
Reserves	2,525
Retained earnings	106,217
Non-controlling interest	4,031
	120,737

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 16: PROPERTY, PLANT AND EQUIPMENT

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Office Equipment and Motor Vehicle $'000	Oil Depot Buildings $'000	Oil Depot Equipment $'000	Consolidated Group $'000
Cost				
At 1 January 2014	329	949	1,286	2,564
Exchange differences	26	9	173	208
At 31 December 2014	**355**	**958**	**1,459**	**2,772**
Accumulated Depreciation				
At 1 January 2014	(241)	(89)	(494)	(824)
Exchange differences	(21)	(11)	(56)	(88)
Depreciation for the year	(12)	(28)	(157)	(197)
At 31 December 2014	**(274)**	**(128)**	**(707)**	**(1,109)**
Cost				
At 1 January 2013	272	733	1,118	2,123
Exchange differences	57	216	168	441
At 31 December 2013	**329**	**949**	**1,286**	**2,564**
Accumulated Depreciation				
At 1 January 2013	(189)	(48)	(265)	(502)
Exchange differences	(41)	(15)	(83)	(139)
Depreciation expense	(11)	(26)	(146)	(183)
At 31 December 2013	**(241)**	**(89)**	**(494)**	**(824)**
Net book value				
At 31 December 2014	**81**	**830**	**752**	**1,663**
At 31 December 2013	**88**	**860**	**792**	**1,740**

NOTE 17: LAND-USE RIGHTS

	2014 $'000	2013 $'000
Cost	12,524	11,587
Accumulated amortisation	(1,220)	(852)
Total land-use rights	11,304	10,735

Movement in the carrying amounts for land use right between the beginning and the end of the current financial year:

	$'000
Balance at 1 January 2013	9,489
Exchange differences	2,115
Disposal	(613)
Amortisation expense	(256)
Balance at 31 December 2013	10,735
Exchange differences	849
Amortisation expense	(280)
Balance at 31 December 2014	11,304

Land-use rights refer to the following:

Location	Use of property	Land area (sq.metres)	Tenure
Land Registration — Long Kou State Land (2004) Serial Number #20042100083, Dangerous Goods Terminal, Long Kou Port, City of Long Kou, Shandong Province, People's Republic of China.	Production Plant	37,714	37 years (valid until 3/11/2052)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 18: TRADE AND OTHER PAYABLES

	2014 $'000	2013 $'000
CURRENT		
Trade payables	26,715	29,605
Revenue received in advance	2,231	1,437
Other tax payable	613	(889)
Convertible note interest	1,562	4,341
Salary payable	601	405
Accrued expenses	95	53
Other payables	5,185	4,746
	37,002	39,698

NOTE 19: CONVERTIBLE NOTES AND NON-CONVERTIBLE DEBT

	2014 $'000	2013 $'000
Convertible notes	—	12,906
Non-convertible debt	7,633	—
	7,633	12,906

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

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

NOTE 20: CURRENT TAX LIABILITIES

	2014 $'000	2013 $'000
CURRENT		
Income Tax	3,379	2,044

Income tax payable represents current income tax obligations to the Chinese taxation authorities at 31 December 2014.

NOTE 21: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2014, the Group is not aware of any other contingent assets or liabilities that should be disclosed in accordance with AASB 137.

NOTE 22: ISSUED CAPITAL

	Number of shares issued	$'000
Ordinary shares		
Shares on issue at 4 June 2014 (Incorporation)	1	—
Shares issued for the acquisition of Genius	749,966,929	—
Conversion of convertible notes by bondholders	137,129,844	5,937
Conversion of interest accrued on convertible notes	12,903,226	2,581
At the end of reporting period	900,000,000	8,518

Ordinary shares participate in dividends in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

The management's objectives when managing capital are to ensure that the group can fund its operations and continue as a going concern and to provide shareholders with adequate returns.

The management monitors capital on the basis of debt to equity ratio. This ratio is calculated as net liabilities divided by equity. Net liabilities is "Total liabilities" as shown on the consolidated balance sheet less cash and cash equivalent and equity is "equity" as shown on the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 22: ISSUED CAPITAL (CONTINUED)

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year, which is to maintain a good debt to equity ratio. The debt-equity ratios as at 31 December 2014 and 31 December 2013 are as follows:

	2014 $'000	2013 $'000
Total liabilities	48,014	54,648
Less: cash and cash equivalents	(133,542)	(87,408)
Net liabilities/(net cash)	(85,528)	(32,760)
Total equity	172,477	116,739
(Net cash) to equity ratio	(49.6%)	(28.1%)

NOTE 23: OTHER RESERVES

	2014 $'000	2013 $'000
Statutory reserve	2,898	2,898
Capital reserve	26	26
Foreign currency translation reserve	5,583	(8,336)
	8,507	(5,412)

Foreign Currency Translation Reserve
The foreign currency translation reserve represents exchange differences arising from translation of the subsidiaries' functional currency (Chinese Renminbi and Hong Kong Dollars) into presentational currency of the Group (Australian Dollars).

Statutory Reserve
Pursuant to the current People's Republic of China Company Law, the Company is required to transfer between 5% to 10% of its profit after taxation to a statutory reserve until the surplus reserve balance reaches a minimal of 50% of the registered capital. For the purposes of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the People's Republic of China accounting standards. The transfer to this reserve must be made before the distribution of dividends to the shareholders.

Capital Reserve
The capital reserve is for long-term capital investment projects or any other large and anticipated expense(s) that will be incurred in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 24: NON-CONTROLLING INTEREST

	2014 $'000	2013 $'000
Beginning at the beginning of the year	4,198	3,270
Share of movement in net assets	1,021	928
Balance at the end of the year	5,219	4,198

Movement in non-controlling interest in 2014 relates to the 3% minority interest in Yangjiang Yuanda Petrochemical Co., Ltd. During 2014, Yangjiang Yuanda Petrochemical Co., Ltd and its controlled entities achieved net profit after tax $1,021,000 (2013: $684,000) and has therefore been included in movement in net assets attributable to the Group's non-controlling interest. Refer Note 14 for more details on the Group's controlled entities.

NOTE 25: COMMITMENTS

Capital Commitment
No capital commitments existed as at 31 December 2014.

Operating Commitment
Non-cancellable operating leases contracted for but not capitalised in the financial statements as at 31 December 2014 are as follows:

	2014 $'000	2013 $'000
Payable – minimum lease payments		
— not later than 12 months	28	34
— between 12 months and five years	95	123
— greater than 5 years	—	—
	123	157

NOTE 26: FINANCIAL INSTRUMENT RISK

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

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

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

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

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

i) Market risk analysis

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

Foreign Currency Risk

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

Credit Risk

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

The finance committee monitors credit risk on a regular basis.

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

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

There are no other material amounts of collateral held as security at 31 December 2014.

NOTE 26: FINANCIAL INSTRUMENT RISK (CONTINUED)

Liquidity Risk

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

Interest Rate Risk

The Group's exposure to interest rate risks relates principally to short term deposits placed with financial institutions, short term borrowing. At 31 December 2014, the Group is not exposed to changes in market interest rates resulting from nil (2013: nil) bank borrowings at variable interest rates. Other borrowing of the Company the non-convertible debt is at fixed interest rate.

Price risk

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

1.2 Credit risk analysis

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

	2014 $'000	2013 $'000
Classes of financial assets		
Carrying amounts:		
• cash and cash equivalents	133,542	87,408
• trade and other receivables	66,397	57,709
Total	199,939	145,117

NOTE 26: FINANCIAL INSTRUMENT RISK (CONTINUED)

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

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

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

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

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

1.3 Customer Concentration Risk

The Group's exposure to customer concentration risk relates to its dependence on major customers. The Group's top 5 (2013: top 5) customers in 2014 generated more than 59% ($551,121,500) (2013: 46% $386,601,970) of the Group's revenue during the financial period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Financial instrument composition and maturity analysis

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

	Weighted Average Effective Interest Rate		Interest Bearing Maturing within 1 Year		Interest Bearing Maturing within 2 Years		Non-interest Bearing Maturing within 1 Year		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	%	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets:										
— Cash and cash equivalents (Variable interest rate)	0.35% p.a	0.39% p.a	133,540	87,406	—	—	—	—	133,540	87,406
— Trade and other receivables			—	—	—	—	66,397	57,709	66,397	57,709
— Security deposits to suppliers			—	—	—	—	1,534	1,972	1,534	1,972
Total Financial Assets			133,540	87,406	—	—	67,931	59,681	201,471	147,087
Financial Liabilities:										
— Trade and other payables			—	—	—	—	34,771	38,261	34,771	38,261
— Revenue received in advance			—	—	—	—	2,231	1,437	2,231	1,437
— Convertible debt		9.63%	—	12,906	—	—	—	—	—	12,906
— Non-convertible debt	4%		7,663		—	—	—	—	7,663	—
Total Financial Liabilities			7,663	12,906	—	—	37,002	39,698	44,665	52,604
Net Financial Assets (Liabilities)									156,806	94,483

NOTE 27: FAIR VALUE MEASUREMENT

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

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

The Group does not hold any financial assets or liabilities carried at fair value as at 31 December 2014. All financial assets and liabilities are carried at amortised cost

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

NOTE 28: RELATED PARTY TRANSACTIONS

a) Transactions with key management personnel

No transaction with key management personnel existed during the year ended 31 December 2014.

b) Transactions with key management personnel

Amounts receivable from and payable to key management personnel and the Group at balance date comprise the following:

2014	**Receivable from related party $'000**	**Payable to related party $'000**
Mr.Zhan Aiping — Director	158,381	—
	158,381	**—**

NOTE 28: RELATED PARTY TRANSACTIONS (CONTINUED)

2013	Receivable from related party $'000	Payable to related party $'000
Mr.Zhan Aiping — Director	167,529	—
Total related party balances	**167,529**	**—**

None of the above receivable balances are impaired and related party transactions have been determined to be conducted on an arm's length basis. Related party balances comprise of related party loans and no specific terms and conditions have been attached to the transactions above.

c) **Key management personnel**

A list of key management personnel and their shareholdings and remuneration is disclosed in the Directors Report. No other person had the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year.

NOTE 29: OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

— the products sold and/or services provided by the segment; and

— the type or class of customer for the products or services.

NOTE 29: OPERATING SEGMENTS (CONTINUED)

Types of products and services by segment

Segments as determined by the Directors and Management are as follows:

— Wholesale of refined petrol

— Wholesale of petrolchemical

The Group operates predominately in one geographical segment, being the People's Republic of China.

Basis of accounting for purposes of reporting by operating segments:

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

Inter-segment loans payables and receivables are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, there are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

— income tax expense;

— current tax liabilities;

— and other financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 29: OPERATING SEGMENTS (CONTINUED)

SEGMENT INFORMATION PROVIDED TO EXECUTIVE DIRECTORS:

	Refined petroleum $'000	Petrolchemical $'000	Total $'000
2014			
Segment revenues – external sales	221,321	705,614	926,935
Segment cost of sales	(211,902)	(658,219)	(870,121)
Segment other expenses	(2,716)	(9,151)	(11,867)
Segment results (Profit after tax)	6,703	38,244	44,947
Other income	139	389	528
Net financing costs	—	—	—
Unallocated expense net of unallocated revenue			(805)
Profit before tax	6,842	38,633	44,670
Income tax expense	(1,710)	(9,659)	(11,369)
Net profit after tax	5,132	28,974	33,301
Segment assets	138,507	75,510	214,017
Total corporate and unallocated assets			6,474
Total consolidated assets			**220,491**
Segment liabilities	31,473	7,198	38,671
Total corporate and unallocated liabilities			9,343
Total consolidated liabilities			**48,014**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 29: OPERATING SEGMENTS (CONTINUED)

	Refined petroleum $'000	Petrolchemical $'000	Total $'000
2013			
Segment revenues – external sales	194,208	654,961	849,169
Segment cost of sales	(184,002)	(613,460)	(797,462)
Segment other expenses	(2,154)	(8,312)	(10,466)
Segment results (Profit after tax)	8,052	33,189	41,241
Other income	137	290	427
Net financing costs			(796)
Unallocated expense net of unallocated revenue			(739)
Profit before tax	8,189	33,479	40,133
Income tax expense	(1,427)	(8,898)	(10,325)
Net profit after tax	6,762	24,581	29,808
Segment assets	103,601	61,746	165,347
Total corporate and unallocated assets			6,040
Total consolidated assets			171,387
Segment liabilities	34,192	3,166	37,358
Total corporate and unallocated liabilities			17,290
Total consolidated liabilities			54,648

During 2014, the top 3 (2013: top 4) customers within the petrochemical segment contributed more than 10% of segment revenues totaling $459,554,746 (65.13%) (2013: $336,371,873 (51.36%)). Five customers (2013: five customers) within the refined petroleum segment contributed more than 10% of segment revenues totaling $183,836,661 (83.06%) (2013: $156,459,819 (80.56%)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 30: CASH FLOW INFORMATION

	2014 $'000	2013 $'000
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	33,301	29,808
Non-cash flows in profit		
Amortisation	280	256
Depreciation	197	183
Net gain on disposal of property, plant and equipment	—	(59)
Effects of foreign exchange	567	227
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(8,283)	(10,865)
(Increase)/decrease in inventories	5,773	(7,550)
Increase/(decrease) in trade and other payables	(356)	10,167
Increase/(decrease) in income taxes payable	1,335	(409)
Cashflow from operations	32,814	21,758

NOTE 31: SUBSEQUENT EVENT

The Company has issued an additional 17,534,500 fully paid ordinary shares at $0.20 each amounting to $3,506,900 upon its listing on the Australian Securities Exchange ("ASX") on 12 February 2015.

Other than its listing on the ASX subsequent to the year end, there are no other matters or circumstances have arisen since the end of the financial year to the date of authorisation which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 32: PARENT ENTITY INFORMATION

	2014 $'000	2013 $'000
Statement of Financial Position		
Assets		
Current assets	56	—
Non-current assets	17,171	—
Total Assets	17,227	—
Liabilities		
Current liabilities	9,264	—
Non-current liabilities	—	—
Total Liabilities	9,264	—
Net Assets	7,963	—
Equity		
Issued capital	8,518	—
Retained earnings	(555)	—
Total Equity	7,963	—
Statement of Comprehensive Income		
Total profit (loss)	(555)	—
Total comprehensive income	(555)	—

The Parent entity has no contingent liabilities or contingent assets as at 31 December 2014.

Premiere Eastern Energy (Parent Entity) was incorporated on the 4 June 2014.

NOTE 33: COMPANY DETAILS

Registered Office
Level 25, 108 St Georges Terrace, Perth,
Western Australia 6000

Principal Place of Business
No. 30, Shangpu,
Dongyi Community, Yangjiang City,
Guangdong Province
PRC

Contact Details
Telephone: (86)-20-85271729
Facsimile: (86)-20-85271702
Website: www.group-premiere.com

DIRECTORS' DECLARATION

1 In the opinion of the Directors of Premiere Eastern Energy Ltd:

a The consolidated financial statements and notes of Premiere Eastern Energy Ltd are in accordance with the *Corporations Act 2001*, including

i Giving a true and fair view of the financial position as at 31 December 2014 and the performance for the financial year ended on that date; and

ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b There are reasonable grounds to believe that Premiere Eastern Energy Ltd will be able to pay its debts as and when they become due and payable.

2 The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2014.

3 Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Director
Zhan Aiping

Dated the 31st day of March 2015

Independent Auditor’s Report

Grant Thornton

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF PREMIERE EASTERN ENERGY LIMITED

Report on the financial report

We have audited the accompanying financial report of Premiere Eastern Energy Limited (the “Company”), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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. The Directors’ responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, 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 us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

GrantThornton

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.

Auditor's opinion
In our opinion:

a the financial report of Premiere Eastern Energy 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 31 December 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 financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in the directors' report for the year ended 31 December 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.

Grant Thornton

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Premiere Eastern Energy Limited for the year ended 31 December 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S J Gray
Partner – Audit & Assurance

Adelaide, 31 March 2015

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

DISTRIBUTION OF EQUITABLE SECURITIES

The distribution set out below was applicable as at 31 March 2015.

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	—
1,001 to 5,000	12
5,001 to 10,000	462
10,001 to 100,000	49
1000,001 and over	11
Total	534

A total of 2 holders hold less than a marketable parcel of 5,000 Ordinary Shares.

Equity security holders

Twenty largest equity security holders

The names of the twenty largest security holders of equity securities listed below were applicable as at 31 March 2015.

	Ordinary Shares	
Twenty (20) Largest Shareholders	**Number of Shares Held**	**Percentage (%) of Issued Shares**
MR ZHAN MUSHENG	704,966,930	76.833
SKYVEN GROWTH OPPORTUNITY FUND PTE LTD	89,861,807	9.794
VENSTAR INVESTMENT LTD	45,249,094	4.932
CERTEX HOLDINGS LTD	45,000,000	4.904
FORTUNE TECHNOLOGY FUND LTD	7,645,372	0.833
MAGIC CARPET FUND III	7,276,797	0.793
PERSHING AUSTRALIA NOMINEES PTY LTD <PHILLIP SECURITIES (HK) A/C>	6,356,000	0.693
MR ZECHENG XIE	2,897,000	0.316
MS HONG LENA	1,800,000	0.196
MRS JULI EKMAN NEE FEIGLIN	150,000	0.016
LEIPNIK NOMINEES PTY LTD <LEIPNIK FAMILY S/F A/C>	150,000	0.016
BOZWANDA PTY LTD<ANTHONY FAMILY S/F A/C>	100,000	0.011
MS FEI LONG	96,000	0.010
MR PETER MICHAEL KOADLOW	80,000	0.009

MR ANTHONY CARTER	75,000	0.008
MR MICHAEL CHARLES VAUGHAN HOLLAND	75,000	0.008
MR SIMON VINCENT JENKINS & MRS ZOE MARGARET JENKINS <JENKINS RETIREMENT FUND A/C>	75,000	0.008
MRS RACHEL SAFFER	75,000	0.008
MR CHONG WENG CHIEW	69,000	0.008
MR RICHARD TWEEDY PRIESTLEY & MRS CATHERINE KYLE PRIESTLEY <R&C PRIESTLEY SUPERFUND A/C>	50,000	0.005
TOTAL	**912,048,000**	**99.402**

Substantial Shareholders
The number of substantial shareholders and their associates are set out below:

	Ordinary Shares	
Twenty (20) Largest Shareholders	**Number of Shares Held**	**Percentage (%) of Issued Shares**
MR ZHAN MUSHENG	704,966,930	76.833
SKYVEN GROWTH OPPORTUNITY FUND PTE LTD	89,861,807	9.794

Voting Rights
The voting rights attached to ordinary shares are set out below:

Ordinary Shares
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.

There are no other classes of equity securities.

Securities subject to voluntary escrow

Class	Expiry Date	Number of Shares
Ordinary shares	Entities associated with the founder Mr. Zhan Musheng has agreed to abide by a voluntary escrow for a period of at least 12 months from the date of the listing (12 February 2015) of the company's shares on the ASX.	704,966,930
	Entities associated with the founders Skyven Growth Opportunity Fund Pte Ltd, Venstar Investment Ltd, Certex Holdings Ltd, Fortune Technology Fund Ltd, Magic Carpet Fund III have agreed to abide by a voluntary escrow for a period of at least 3 months from the date of the listing (12 February 2015) of the company's shares on the ASX.	195,033,070

Unissued equity securities
There are no Options issued by the Company.

Securities Exchange
The Company is listed on the Australian Securities Exchange.