MAGNUS ENERGY GROUP LTD.

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Annual Report 2009

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Corporate Profile

Incorporated in 1983, Magnus Energy Group Ltd. ("Magnus" or the "Company") began its humble business as a sub-contractor undertaking electrical installations. In a span of 20 years, Magnus developed and established a track record as a provider of quality and reliable mechanical and electrical engineering ("M&E") services. Following the challenging operating conditions & cyclical nature of the construction business, a strategic decision was made in 2003 to shift its business focus.

Since then, Magnus has taken significant strides in its tranformation from an M&E Company to an energy-related company with businesses involving oil and gas equipment distribution in Asia Pacific, gas exploration in Australia, crude oil production in China and coal mining activities in Indonesia.

Magnus is positioning itself to be a leading regional producer of oil, gas and coal in addition to oil and gas equipment distribution in the Asia Pacific region. This will be an ongoing process for the Company as it looks to diversify its energy business activities and broaden its' earnings base, while concurrently re-engineering itself to explore new opportunities globally.

The acquisitions of Mid-Continent Equipment Group Pte Ltd and Songyuan Yongda Oilfields Exploration and Technology Co., Ltd in 2004 and 2006 respectively, have enabled Magnus to establish business opportunities in the oil and gas equipment industry and crude oil production.

In July 2008, Magnus successfully listed its coal operations under APAC Coal Limited ("APAC"), on the Australian Stock Exchange. APAC is a coal exploration company and a subsidiary of Magnus. APAC has a 30-Year Concession to explore for coal over a 23,124ha parcel of land in East Kalimantan, Indonesia. Kalimantan is the world's 7th largest coal producer.

Magnus aims to expand the capabilities already in place and to remain primarily involved in energy-related projects and services.

Gas Exploration

Oil and Gas Equipment

Coal Sample

Chairman's Statement

Dear Shareholders

The past year has been very eventful and challenging, with the global economic downturn and the deflating energy market impacting our operations. We have learnt from this experience, and we believe that we will be more prepared to face the various challenges in the coming financial year.

In financial year ended June 30, 2009 ("FY2009"), we managed to record a revenue of $103.4 million, a decrease of 12.3% compared to that recorded for the financial year ended June 30, 2008 ("FY2008") where the revenue was $117.9 million. Gross profit decreased 19.4% from $21.7 million in FY2008 to $17.5 million in FY2009. Our operations for FY2009 ended in a net loss after tax of $56.1 million compared to a profit of $5.9 million in FY2008.

On a per share basis, Magnus Energy Group Ltd. ("Magnus" or the "Group") reported a loss of 2.17cents per share on a fully diluted basis for FY2009, as opposed to net profits of 0.01cent per share during the preceding year. Net Asset Value per share at the end of FY2009 was 2.2cents per share, a reduction of 2.1cents per share from 4.31cents per share at the end of FY2008.

Operational and Segmental Highlights

During the past year, revenue from our oilfield equipment supply segment, which comprised the bulk of our revenue, dropped by 9.3% from $106.5 million in FY2008 to $96.6 million in FY2009 due to lower sales volume. Revenue from crude oil production decreased $4.5million or 39.8% from $11.3 million in FY2008 to $6.8 million in FY2009, due to lower sales volume and lower prices. As an illustration, during FY2008, the average sales volume was 285 barrels per day while the average sales price was US$85 per barrel whereas for FY2009, average sales volume was 192 barrels per day and average sales price was US$68 per barrel.

Other Operating Income

Other operating income increased 56.5% from $4.6 million for FY2008 to $7.2 million for FY2009, primarily due to a gain of $6.7 million from the restructuring exercise in relation to the listing of APAC Coal Limited ("APAC") on the Australian Stock Exchange on 10 July 2008. The increase was offset by a drop in the gain on sales of available-for-sale financial assets of $1.3 million and net exchange gain of $2.1 million in FY2008 as compared to a gain on sales of available-for-sale financial assets of $0.032 million and a net exchange loss of $1.7 million in the current year for FY2009.

Administrative Expenses

Administrative expenses increased to $14.5 million during the year in review, as compared with $14.7 million in FY2008. This was mainly due to the depreciation of Australian dollars against Singapore dollars resulting in higher net exchange losses of $1.9 million incurred on fixed deposits and trade debtors denominated in Australian dollars, overseas exploration expenses of $0.4 million and higher professional and legal fees of $0.6 million incurred for the listing of APAC on the Australian Stock Exchange in July 2008.

Other Operating Expenses

For the year in review, we recognized an impairment loss of $8.4 million for the oil concession rights in Songyuan Yongda Oilfields Exploration and Technology Co., Ltd. ("Yongda"), China. This is because of unstable oil prices globally and an unexpected higher rate of decline in production yields in the oilfields.

Further, an impairment loss of $19.0 million was made on the property, plant and equipment of Yongda in relation to those oil fields which were dry and those which had low production yields. With this impairment, Yongda would be in a negative financial position, and the Group has accordingly fully impaired its $23.1 million investment in this entity.

We also recognized an impairment loss of $33.6 million for the fair value of coal concession rights in Kabupaten Pasir, East Kalimantan, Indonesia. This was done after an Independent Valuer had issued an Independent Technical Valuation Report in August 2009.

Additional Balance Sheet Highlights

Goodwill decreased from $9.5 million to $1.6 million due mainly to the restructuring exercise in relation to the subsequent listing of its subsidiary, APAC on the Australian Stock Exchange.

Available-for-sale financial assets decreased from $10.1 million to $6.6 million during the year primarily due to the fair value loss of $2.7 million and a translation loss of $0.9 million on its financial assets during the current year.

During the year in review, trade and other receivables saw a decline from $19.8 million in FY2008 to $12.6 million in FY2009 mainly because of a decline in sales from the oil field equipment supply segment and the crude oil production segment in tandem with moderating oil prices globally and decreasing production yields from July 2008 to June 2009.

Cash Flow Highlights

Cash and cash equivalents at the end of FY2009 was $11.3 million, a slight improvement from that recorded in FY2008 which was $10.6 million. During FY2009, net cash flows used in operating activities increased to $0.29 million from $0.21 million in FY2008. Net cash flow used in investing activities was $2.53 million, a decrease from $6.6 million which was recorded in FY2008. Net cash flows generated from financing activities was $(0.14) million during FY2009, while that recorded in FY2008 was $14.5 million. During the year in review, there was a gain of $3 million, in net foreign currency translation adjustments compared to a loss of $3.7 million in the preceding year.

The Group's total short-term debt stood at $5.6 million and long-term debt at $0.13 million as at the end of FY2009.

The Road Ahead

Our business strategy going forward is to increase our coal-mining activities in Indonesia through APAC. We also intend to refine our crude oil exploration techniques in China and remain focused on our mainstay— oil and gas equipment distribution-- where we maintain a significant presence in the Asia Pacific region. We expect this segment to perform satisfactorily up till December 2009 but calendar year 2010 will be challenging with moderating oil prices caused by slackening demand from a mixed global economic recovery.

With the full impairment of our Yongda holdings behind us, we intend to refine our technological and research capabilities in oilfield exploration in the future, in order to mitigate encountering similar situations where we see unexpected declines in oil production yields.

We are also considering potential opportunities in moving upstream from crude oil production to gas production. Despite a longer gestation period, gas production has a longer revenue generation lifespan as compared with oil and is as such a steadier source of income.

With the successful listing of APAC where we raised about A$7.1 million, we have a focused coal-mining entity. Coal-fired power production plants are still very much in operations in large, emergent economies like China and India. With oil prices being on a fundamental, long-term uptrend, coal is regarded by such countries as a viable, cheaper alternative energy to oil. As such, we believe there is still much demand for this fuel and this is one of our business rationale for our inroads in this area.

Note of Appreciation

In summary, while the world economy seems to be emerging from a deep recession, we are cognizant of the challenging operating environment. We will take this opportunity to gear up our business development efforts as well as improve our coal and oilfield exploration techniques. We will also explore opportunities in going upstream in energy production, providing other sources of energy such as gas. On behalf of the Board, I would like to thank you, our shareholders, for your continued support, as well as the Directors, the Management, and staff for their invaluable contributions.

Idris Bin Abdullah @ Das Murthy
Chairman

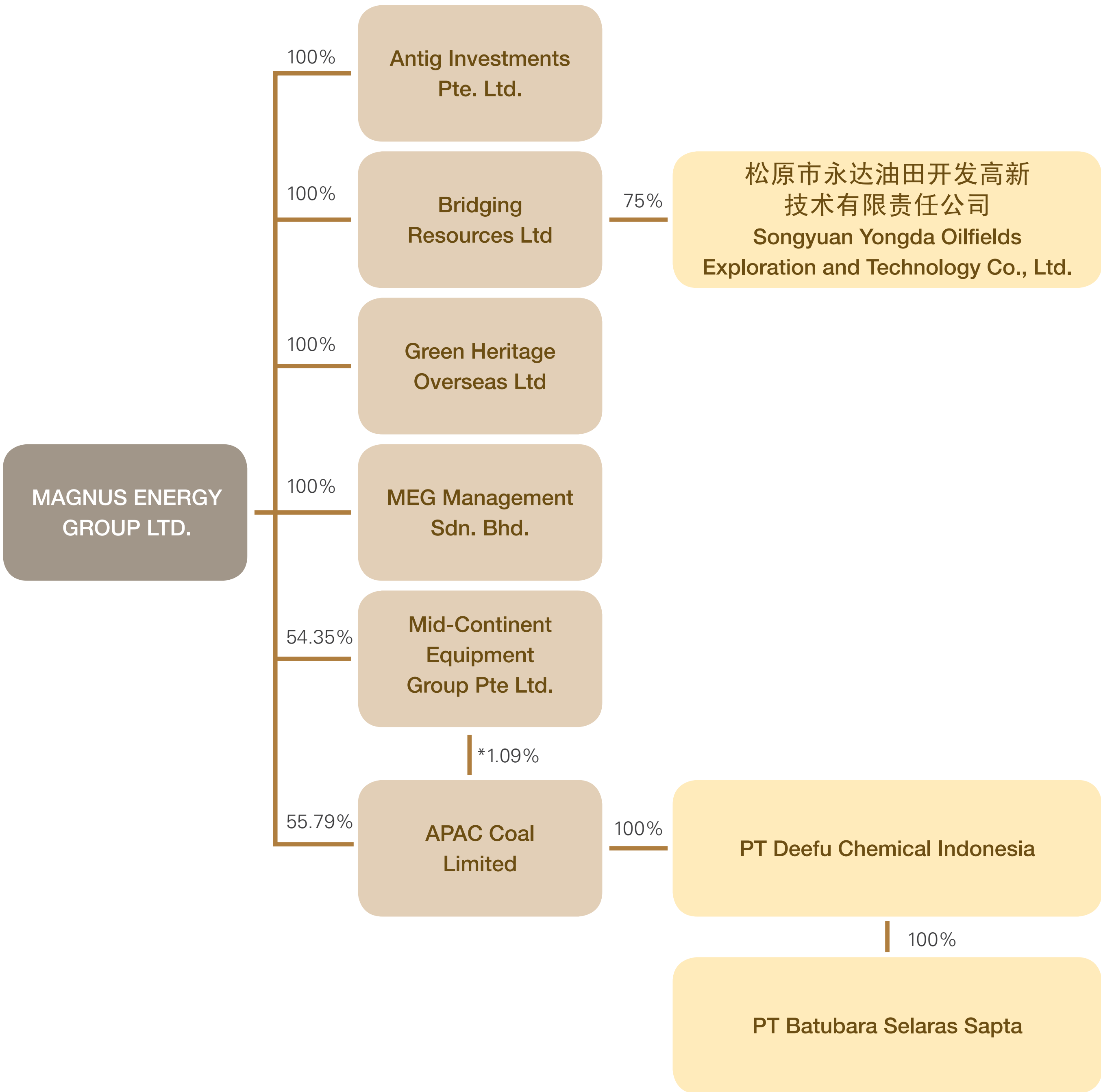
Financial Highlights

	2009	2008	2007
Turnover ($'000)	103,401	117,851	128,425
Net Asset Value per Share (Cents)	2.20	4.31	4.07
Profit/(Loss) before Taxation ($'000)	(38,393)	7,194	4,458
(Loss) Earnings per Share (Cents)	(2.174)	0.008	(0.002)
Turnover by Business Activities			
Electrical Engineering Services	-	-	1,281
Crude Oil Production	6,794	11,347	9,665
Oilfield Equipment Supply and Services	96,606	106,504	117,479

Wiredline Drilling Machine

Coring Sample

Corporate Structure



*% Shareholding held by Magnus

Board of Directors

Idris Bin Abdullah @ Das Murthy

Datuk Idris Abdullah, aged 52, joined the Board as an Independent Non-Executive Director in May 2008 and was appointed Non-Executive Chairman on 21 August 2008. He was also appointed Chairman of the Remuneration Committee and member of the Nominating Committee and Remuneration Committee on 4 July 2008.

Datuk Idris Abdullah is the Senior Partner of Idris and Company (Advocates and Solicitors) handling general legal practice comprising Banking practice (both drafting and litigation), land matters, general corporate work including due diligence, corporate restructuring and corporate insolvency litigation, Construction and Building work, Exchange Control work, Criminal litigation, Intellectual Property Litigation and general Civil litigation since 1989. He is also the Chairman and shareholder of Industrial Power Technology Pte Ltd, and Advisor to a number of Sarawak companies.

Datuk Idris Abdullah is an appointed member of the Companies Commission of Malaysia ("SSM") as well as Member of an Audit Committee SSM and member of the Advisory Panel for the SSM training Academy (Comtrac). He is also a member of the Malaysian Communications and Multimedia Commission.

Datuk Idris Abdullah graduated with First Class Bachelor of Laws (Honours) from Faculty of Law University Malaya in 1981. He was admitted to the Roll of Advocates of the High Court of Malaysia in Sabah and Sarawak in year 1982. He was also admitted to the Roll of Advocates of Malaysia in Malaya in year 2007.

Date of first appointment : 23 May 2008
Date of last re-election as a director : 29 October 2008

Wira Dani Bin Abdul Daim

Dato' Wira Dani Daim, aged 31, joined the Board as a Non-Executive Director in November 2006 and was appointed the Deputy Chairman of the Company on 15 March 2007. He is also a substantial shareholder of Magnus.

He is the Chairman of Astute Capital Limited and Managing Director of various companies in Malaysia. He also manages a group of property investment companies and is actively involved in the family's M&A business activities including power, coal and oil sectors in Malaysia, Indonesia and Africa, as well as the flagship banking assets and the strategic alliances associated with it.

Dato' Wira Dani Daim graduated with honours from Cambridge University, United Kingdom earning his Bachelor of Arts in year 2001. He obtained his Masters of Arts in year 2005, Cambridge University, United Kingdom.

Date of first appointment : 09 November 2006
Date of last re-election as a director : 31 October 2007

Lim Kuan Yew

Mr Lim, aged 50, joined the Board as a Non-Executive Director in March 2008 and was appointed as Managing Director of Magnus on 15 May 2008. He oversees the Group's overall management and operations and is responsible for strategic planning, future direction and business development.

Mr Lim has extensive experience in areas of auditing, marketing of financial services and stockbroking and has previously held senior positions in general management and strategic planning in both private and public listed companies in Malaysia. He was also the founding member of a Company which provides management and corporate services to clients in the fields of corporate restructuring, mergers and acquisitions, operations review and strategic planning. He currently sits on the Board of several companies in Malaysia. He is also a director of Mid-Continent Equipment Group Pte Ltd., Antig Investments Pte. Ltd., MEG Management Sdn. Bhd. and Apac Coal Limited, all subsidiaries of Magnus.

Date of first appointment : 17 March 2008
Date of last re-election as a director : 29 October 2008

Koh Teng Kiat

Mr Koh, aged 53, is an Executive Director and Chief Operating Officer of Magnus. He currently oversees the Group's operational aspects of coal mining activities in Kalimantan listed under APAC Coal Limited in Australia, gas exploration venture in Australia and crude oil production in China.

Mr Koh is a skilled corporate financial expert with more than 25 years of business exposure in the Asia Pacific region. He has extensive experience in company operational and financial system restructuring having worked in various types of organisations ranging from manufacturing, construction industry to petroleum sector. He has also worked in public companies and in multi-national businesses. Presently, he sits on the board of all subsidiaries of Magnus in Singapore and Overseas.

Mr Koh holds a degree from the Chartered Institute of Management Accountants of the United Kingdom. He is a Fellow member of both the Chartered Institute of Management Accountants of the United Kingdom and Institute of Certified Public Accountants of Singapore.

Date of first appointment : 17 February 2005
Date of last re-election as a director : 29 October 2008

Goh Boon Kok

Mr Goh, aged 69, is an Independent Non-Executive Director of Magnus since June 2004. He has been a member of the Audit Committee, Nominating Committee and Remuneration Committee since his appointment as a Director and was elected Chairman of the Audit Committee on 4 July 2008.

He has over 12 years of working experience with both the public and private sectors. Mr Goh is a Certified Public Accountant and currently runs his own practice, Messrs Goh Boon Kok & Co. He is also an Independent Non-Executive Director of another three public listed companies in Singapore.

Mr Goh holds a Bachelor of Accountancy degree from the University of Singapore and is a member of Chartered Institute of Management Accountants (UK) and Chartered Institute of Secretaries & Administrators.

Date of first appointment : 01 June 2004
Date of last re-election as a director : 31 October 2006

Chin Kok Sang

Mr Chin, aged 51, joined the Board as an Independent Non-Executive Director in July 2008. He was appointed Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee on 4 July 2008.

He is the founding Director of TKC & Associates Sdn Bhd, a consulting firm in Malaysia which provides corporate advisory services with particular focus in the areas of Corporate & Debt Restructuring. He has undertaken consulting assignments in various sectors and industries ranging from banking, toll concession, mobile telecommunication services, property development and construction and fast moving consumer goods. Prior to that he was a Corporate Banker with a major European based international bank at their offices in Australia, Singapore and Malaysia.

Mr Chin graduated with a Bachelor of Commerce from University of Melbourne. He is a member of The Institute of Chartered Accountants in Australia.

Date of first appointment : 01 July 2008
Date of last re-election as a director : 29 October 2008

Hisham Othman

Mr Hisham, aged 47, joined the Board as an Independent Non-Executive director in July 2008.

Mr Hisham started his career as planning engineer and geotechnical engineer in the Public Works Department of Malaysia from 1985 to 1990. He left the government to join PLUS Bhd to plan, manage, complete and operate the North-South Expressway, the single biggest privatized project then and has held various positions from 1990 to 1996, leaving as the Region Manager to join Renong group management office and was made the COO of Renong Overseas Corporation where he spearheaded the Group's ventures overseas. Subsequently, his varied career saw him working as the COO in several companies overseeing various sectors like construction, concessions and development in Malaysia, Middle-East and Africa. His experience in management ranges from strategy and finance, to operations and marketing.

Mr Hisham graduated with a Masters in Business Administration in 1994, and a Bachelor in Civil Engineering in 1985.

Date of first appointment : 24 July 2008
Date of last re-election as a director : 29 October 2008

Key Management

Luke Ho Khee Yong

Mr Ho, aged 33, joined Magnus in September 2006 as a Regional Finance Manager and was promoted to Chief Financial Officer in September 2009.

He has more than 11 years of experience in finance and management in the Asia Pacific Region. He is also the Deputy General Manager of Magnus' crude oil production subsidiary in China, Songyuan Yongda Oilfields Exploration and Technology Co., Ltd overseeing its finance and administration matters.

Mr Ho obtained his Diploma in Accountancy from Ngee Ann Polytechnic in August 1996 and holds a Degree from the Chartered Institute of Management Accountants of the United Kingdom. He is an Associate Member of the Chartered Institute of Management Accountants of the United Kingdom.

Corporate Information

Board of Directors

Datuk Idris Bin Abdullah @ Das Murthy	(Chairman and Independent Director)
Dato' Md Wira Dani Bin Abdul Daim	(Deputy Chairman)
Mr Lim Kuan Yew	(Managing Director)
Mr Koh Teng Kiat	(Executive Director/ Chief Operating Officer)
Mr Goh Boon Kok	(Independent Director)
Mr Chin Kok Sang	(Independent Director)
Mr Hisham Othman	(Independent Director)

Audit Committee

Goh Boon Kok	(Chairman)
Idris Bin Abdullah @ Das Murthy	
Chin Kok Sang	

Nominating Committee

Chin Kok Sang	(Chairman)
Goh Boon Kok	
Idris Bin Abdullah @ Das Murthy	

Remuneration Committee

Idris Bin Abdullah @ Das Murthy	(Chairman)
Goh Boon Kok	
Chin Kok Sang	

Auditors

Moore Stephens LLP
Certified Public Accountants
10 Anson Road
#29-15 International Plaza
Singapore 079903
Partner-in-charge
Mr Christopher Bruce Johnson
Date of Appointment: 31 October 2005

Company Secretary

Koh Teng Kiat

Registered Office

10 Anson Road
#33-13 International Plaza
Singapore 079903
Tel: 6325 1850
Fax: 6325 1851
Electronic mail address:
info@magnusenergy.com.sg
Website:
www.magnusenergy.com.sg

Registrar & Share Transfer Office

Boardroom Corporate & Advisory Services Pte. Ltd.
3 Church Street #08-01
Samsung Hub
Singapore 049483
Tel: 65-6536 5355
Fax: 65-6536 1360

Principal Bankers

United Overseas Bank Limited
80 Raffles Place
#12-00 UOB Plaza 1
Singapore 048624

RHB Bank Berhad
90 Cecil Street #03-00
Singapore 069531

CORPORATE GOVERNANCE REPORT

Magnus Energy Group Ltd. ("Magnus" or the "Company") is committed to ensuring a high standard of corporate governance within the Group to protect the interests of shareholders and to promote investors' confidence within the constraints of the Group's operations and size, and supports full compliance of the Code of Corporate Governance 2005 ("Code") as required by the Singapore Exchange Securities Trading Limited (SGX-ST).

1. THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

Role of the Board of Directors ("Board")

The role of the Board is to oversee the business affairs of and provide strategic direction and corporate governance guidance for the Group. The Board's principal functions include:

- approving board policies, strategies and financial objectives for the Group;
- approving the nominations of board members and key managerial personnel;
- approving budgets, major funding proposals, investment and divestment proposals;
- reviewing the Group's financial performance; and
- monitoring the performance of management.

The day-to-day management of the Group's businesses and affairs, the development of various business activities and the formulation of corporate strategies have been entrusted to the executive directors. This is to facilitate effective management.

Board Processes

The Board has delegated specific responsibilities to three committees, namely, the Audit Committee, Nominating Committee and Remuneration Committee to support its role. These committees operate within clearly defined terms of references and operating procedures. These are reviewed on a regular basis and improved as and when required to meet the changes in the laws and other guidelines. The Committees examine specific issues and report to the Board with their decisions and/or recommendations. However, the ultimate responsibility on all matters lies with the entire Board.

CORPORATE GOVERNANCE REPORT

1. THE BOARD'S CONDUCT OF ITS AFFAIRS (cont'd)

Board Meetings Held

The Board meets at least four times a year. Fixed meetings are scheduled at the start of the financial year. Ad hoc meetings are called when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings.

The Articles of Association of the Company allow directors to participate in a Board meeting by telephone conference or video-conference. The number of meetings held and attended by each Director during the financial year ended 30 June 2009 is tabulated below:

Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings							
Name	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Idris Bin Abdullah @ Das Murthy (1)	5	3	5	3	1	1	1	1
Md Wira Dani Bin Abdul Daim	5	3	–	–	–	–	–	–
Lim Kuan Yew	5	5	–	–	–	–	–	–
Koh Teng Kiat	5	5	–	–	–	–	–	–
Goh Boon Kok (2)	5	5	5	5	1	1	1	1
Chin Kok Sang (3)	5	5	5	5	1	1	1	1
Hisham Othman (4)	5	5	–	–	–	–	–	–

Notes

(1) Appointed as Chairman of RC, a member of both AC and NC on 4 July 2008.

(2) Elected as Chairman of AC on 4 July 2008.

(3) Appointed as a director on 1 July 2008, as Chairman of NC, a member of both AC and RC on 4 July 2008.

(4) Appointed as a director on 24 July 2008.

Matters Requiring the Board's Approval

The Board has adopted a set of guidelines on matters that require its approval. Matters which are specifically reserved for the Board's decision include:

- statutory requirements such as approval of annual report and financial statements;
- other requirements such as interim and annual results announcements;
- financial objectives of the Group;
- corporate strategic direction, strategies and action plans;
- the setting of policies and key business initiatives; and
- authorisation of acquisition/disposal and other material transactions.

Training of Directors

The Company does not have a formal training programme for new directors. However, to assist the Board in discharging its duties, a newly appointed director will be orientated on the business operations and regulatory issues of the Group. Directors are also informed via electronic mail of regulatory changes affecting the Group. In addition, the Board encourages its members to participate in seminars and receive training to improve themselves in the discharge of their duties as directors. The Company Secretary will bring to directors' attention, information on seminars that may be of relevance to them.

CORPORATE GOVERNANCE REPORT

2. BOARD COMPOSITION AND GUIDANCE

Principle 2*: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board currently comprises 7 members, 2 executive directors, and 5 non-executive directors, of whom 4 are independent directors. As a group, the directors bring with them a wide range of business and financial experience, skills and expertise to meet the Company's targets. The Board has reviewed its composition and is satisfied that the existing composition is appropriate taking into account the scope and nature of operations of the Company. As independent and non-executive directors make up almost two-third of the Board, no individual or group is able to dominate the Board's decision-making process. There is also balance in the Board because of the presence of independent, non-executive directors of the calibre necessary to carry sufficient weight in the Board's decisions. Although all the directors have an equal responsibility for the Group's operations, the role of these independent non-executive directors is particularly important in ensuring that the strategies proposed by the Management are constructively challenged, fully discussed and examined, and taken into account the long term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The non-executive directors of the Company help to develop proposals on strategy. The non-executive directors also review the performance of the Management in meeting agreed goals and objectives.

3. CHAIRMAN AND MANAGING DIRECTOR

Principle 3*: There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.*

There is a clear division of responsibilities between the Non-Executive Chairman, Datuk Idris Bin Abdullah @ Das Murthy and the Managing Director (in absence of a Chief Executive Officer), Mr Lim Kuan Yew. There is also no relationship between the Non-Executive Chairman and Managing Director. The Non-Executive Chairman is responsible for leading the Board and facilitating its effectiveness and the responsibilities for the day-to-day operations of the Company are assumed by the Managing Director.

The Non-Executive Chairman's responsibilities include, inter alia, the following:

- scheduling the meetings and setting the meeting agenda for the Board in consultation with the Managing Director;
- ensuring the smooth conduct of board meetings and monitoring the translation of the Board's decisions into executive action;
- reviewing the Board papers prepared by management to ensure that complete and timely information are provided to the Board;
- assisting in ensuring compliance with the Company's guidelines on corporate governance.

CORPORATE GOVERNANCE REPORT

4. BOARD MEMBERSHIP AND BOARD PERFORMANCE

Principle 4: *There should be a formal and transparent process for the appointment of new directors to the Board.*

Principle 5: *There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.*

The Nominating Committee ("NC") comprises the following independent directors:

- Mr Chin Kok Sang (Chairman)
- Mr Goh Boon Kok
- Datuk Idris Bin Abdullah @ Das Murthy

The Chairman of the NC is neither a substantial shareholder of the Company nor directly associated with a substantial shareholder of the Company.

The NC has adopted specific terms of reference and its principal functions are as follows:

- identify candidates and review all nominations on appointments and re-appointment of directors including making recommendations on the composition of the Board and the balance between executive and non-executive directors to the Board;
- review the Board structure, size and composition annually;
- determine the independence of directors annually, guided by the independent guidelines contained in the Code;
- review and decide if a director is able to and has been adequately carrying out his duties as a director of the Company, when he has multiple representations;
- assess the effectiveness of the Board as a whole every year and the contribution of each individual director in terms of required mix of skills and experience and other qualities, including core competencies, to the Group.

The NC meets at least once a year. Additional meetings are scheduled if considered necessary by the Chairman of the NC.

Pursuant to Article 78 of the Company's Articles of Association, newly appointed directors would be required to submit themselves for re-nomination and re-election at the forthcoming Annual General Meeting ("AGM"). Article 96(2) of the Company's Articles of Association requires that one-third of the Directors retire by rotation at every AGM. However, the Managing Director is not subject to retirement by rotation. In accordance with the Company's Articles of Association, Messrs Goh Boon Kok and Dato' Md Wira Dani Bin Abdul Daim will retire pursuant to Article 96(2) at the forthcoming AGM.

Details of the Directors' academic and professional qualifications, interests in the Group, committees served, directorships are disclosed in the Annual Report to enable shareholders to make informed decisions.

The independent directors have declared their independence for the financial year ended 30 June 2009, in accordance with the independent guidelines contained in the Code.

During the financial year ended 30 June 2009, the NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Group, notwithstanding that some of the directors have multiple board representations, and there is presently no need to implement internal guidelines to address their competing time commitments. The NC also assesses and discusses the performance of the Board as a whole and ascertains key areas for improvement and requisite follow-up actions. Upon reviewing the assessment, the NC is of the opinion that the Board has been effective.

CORPORATE GOVERNANCE REPORT

5. ACCESS TO INFORMATION

***Principle 6**: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.*

The Board is usually provided with Board papers in advance before each Board Meeting, giving the background, explanatory information and justification for each decision and mandate sought by the Management, including, where applicable, pertinent financials, to enable them to be properly informed of matters to be discussed and/or approved.

All Directors have separate and independent access to the Group's management team at all times and can communicate directly with the management, the officers, the Company Secretary and external auditors on all matters as and when they deem necessary. They have full access to the Company's records and information and may obtain independent legal and other professional advice if they deem necessary to properly discharge their responsibilities. Such expenses are borne by the Company.

The Company Secretary attends all Board Meetings and records all decisions and conclusions of the Board meetings in the minutes book. In addition, the Company Secretary assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Memorandum and Articles of Association and relevant rules and regulations, including requirements of the Singapore Companies Act and the SGX-ST, are complied with. The appointment and removal of the Company Secretary are decided by the Board as a whole.

6. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES LEVEL AND MIX OF REMUNERATION

***Principle 7**: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

***Principle 8**: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.*

The Remuneration Committee ("RC") comprises the following Independent Directors:

- Datuk Idris Bin Abdullah @ Das Murthy (Chairman)
- Mr Goh Boon Kok
- Mr Chin Kok Sang

The RC has adopted specific terms of reference and its principal functions are as follows:

- review and recommend to the Board a framework of remuneration for directors and key executives to ensure the package is sufficient to attract and retain people of required quality to run the Company successfully. The review covers all aspects of remuneration including but not limited to directors' fees, salaries, bonus, options and benefits in kind;
- determine the specific remuneration packages for executive directors and key executives based on performance, service seniority, experience and scope of responsibility. Such remuneration packages are periodically benchmarked to market/industry;
- recommend the fees payable to non-executive directors based on the level of responsibilities undertaken by them; and
- administer the Magnus Energy Employee Share Option Plan and the Magnus Energy Performance Share Plan.

CORPORATE GOVERNANCE REPORT

6. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES LEVEL AND MIX OF REMUNERATION (cont'd)

The RC's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. However, members of the RC will ensure that they do not set their own remuneration. The RC may obtain independent professional advice if they deem necessary to properly discharge their responsibilities. Such expenses are borne by the Company:

During the financial year ended 30 June 2009, the RC reviewed the remuneration packages of executive directors and key executives and recommended some adjustments. Subject to approval by shareholders at the forthcoming AGM, the RC recommended that fees payable to non-executive directors for the financial year ended 30 June 2009 be fixed at S$96,761. The Board duly accepted the RC's recommendation and proposed the same for approval by the shareholders at the forthcoming AGM.

The RC meets at least once a year. Additional meetings are scheduled if considered necessary by the Chairman of the RC.

7. DISCLOSURE ON REMUNERATION

Principle 9*: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.*

Summary compensation table for the financial year ended 30 June 2009:

Name	Salaries %	Bonus %	Consultancy fees %	Director fees %	Fair value of share options granted # %	Other benefits %	Total %
$250,000 to below $500,000							
Directors							
Koh Teng Kiat	74.0	11.0	–	–	9.0	6.0	100.0
Below $250,000							
Directors							
Lim Kuan Yew	81.0	8.0	11.0	–	–	–	100.0
Md Wira Dani Bin Abdul Daim	–	–	–	100.0	–	–	100.0
Goh Boon Kok	–	–	–	60.0	40.0	–	100.0
Chin Kok Sang (1)	–	–	–	100.0	–	–	100.0
Idris Bin Abdullah @ Das Murthy	–	–	–	100.0	–	–	100.0
Hisham Othman (2)	–	–	–	100.0	–	–	100.0
Key Executives							
Wong Siew Chuan	71.0	11.0	–	–	8.0	10.0	100.0
Luke Ho Khee Yong	80.0	17.0	–	–	3.0	–	100.0

\# Refers to the expense on share options granted to the directors and employees recognised in the financial statements

(1) Appointed on 01 Jul 2008

(2) Appointed on 24 Jul 2008

The RC and the Board are of the opinion that the remuneration of the directors and key executives for the financial year ended 30 June 2009 are adequate but not excessive in order to attract, retain and motivate them to run the Group successfully.

There are no employees who are immediate family members of the Chairman or a Director.

CORPORATE GOVERNANCE REPORT

8. ACCOUNTABILITY

Principle 10*: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*

The Board provides shareholders with a balanced and understandable assessment of the Group's performance, financial position and prospects when it announces the quarterly, half year and full year financial results of the Group. Periodic announcements on business and other developments of the Group via SGX-ST's SGXNET or press releases are made to keep shareholders informed about the progress of the Group.

9. AUDIT COMMITTEE ("AC")

Principle 11: *The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.*

The AC comprises the following independent directors:-

- Mr Goh Boon Kok (Chairman)
- Datuk Idris Bin Abdullah @ Das Murthy
- Mr Chin Kok Sang

Two members of the AC have professional and in-depth experiences in the field of financial management and accounting. The Board is of the view that AC members have sufficient accounting and financial management expertise and experience to discharge the AC's responsibilities.

The AC meets at least four times a year. Additional meetings are scheduled if considered necessary by the Chairman of the AC. During the financial year, the AC met the external auditors once without any executive of the Group being present.

The AC carried out its functions in accordance with the Companies Act Cap. 50 and SGX-ST Listing Manual. The functions of the AC are as follows:-

- review the audit plans and scope of the external auditors of the Company and ensure adequacy of the system of internal accounting controls and the co-operation given by the Company's management to the external auditors;
- review the quarterly, half and full year financial statements and the auditor's report on the annual financial statements of the Company and of the Group before submission to the Board;
- review the auditors' evaluation of the system of internal accounting controls and discuss problems and concerns arising from their audit or any other matters which the auditors might wish to discuss privately with the AC;
- review any formal announcements relating to the Company's financial performance in addition to the quarterly, half and full year financial statements compliance;
- meet with the external auditors and/or the Management in separate executive sessions to discuss any matters that should be discussed privately with the AC;
- review the independence of the external auditors annually and recommend the external auditors to be nominated, approve the compensation of the external auditors and review the results of the audit; and
- review interested person transactions in accordance with the requirements of the SGX-ST Listing Manual.

Apart from the duties listed above, the AC also has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if they deem necessary to properly discharge their responsibilities. Such expenses are borne by the Company.

The AC has full access to, and the co-operation of, management and has full discretion to invite any director or officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions properly.

CORPORATE GOVERNANCE REPORT

9. AUDIT COMMITTEE ("AC") (cont'd)

The AC also reviews any reports by which staff of the Company; or any other officers, may; in confidence, raise concerns about possible and/or suspected fraud, irregularities, corruption, dishonest practices and/or improprieties in any matters affecting the Group. The AC's objectives are to ensure that procedures are in place for the independent investigation, when necessary, and appropriate follow up action and improvements are taken on such matters.

The AC has recommended the re-appointment of Messrs Moore Stephens as external auditors of the Company for the ensuing financial year.

The AC is satisfied with the independence and objectivity of the external auditors and recommends to the Board the nomination of the external auditors for re-appointment. The AC has reviewed all non-audit services provided to the Group by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The AC is also satisfied that the appointment of different auditors for the Company's subsidiaries and associated companies would not compromise the standard and effectiveness of the audit of the Company.

10. INTERNAL CONTROLS

Principle 12*: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investment and the company's assets.*

The Company's external auditors conduct an annual review, in accordance with their audit plan, of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the external auditors in this respect where necessary.

It is the opinion of the Board that, in the absence of evidence to the contrary, the system of internal controls maintained by the Company is in place throughout the financial year and up to the date of this report. It provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks. The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error losses, fraud or other irregularities. However, other procedures, policies, guidelines and compliance regulations, as discussed in the management letter issued by the external auditors, are in place to mitigate any possible and/or suspected irregularities. Nothing has come to the attention of the AC and/or Board of any deficiency and/or dysfunction of the internal control implementation that has resulted in any significant loss and/or material financial misstatement.

11. INTERNAL AUDIT

Principle 13*: The Company should establish an internal audit function that is independent of the activities it audits.*

The Group outsources its internal audit function to external professional firms, as and when the need arises. The external professional firm appointed reports directly to the AC Chairman and administratively to the Managing Director. During the financial year ended 30 June 2009, the AC had engaged Messrs Horwath First Trust, established in 2002 by a dynamic team of professionals from the big four certified public accountants, to carry out an internal audit review on the Fixed Assets Management of Songyuan Yongda Oilfields Exploration & Technology Co., Ltd, a subsidiary of the Group. The findings of the internal audit review were reported to the management and compiled with responses from the management. Based on the findings reported by the Internal Auditors, the management's responses to the recommendations for improvement and the report of the External Auditors, the AC was satisfied that there were no material weaknesses in the internal controls of this subsidiary.

The AC reviews the adequacy of the internal audit function annually and ensures that the internal audit function has appropriate standing within the Group.

CORPORATE GOVERNANCE REPORT

12. COMMUNICATION WITH SHAREHOLDERS

Principle 14*: Companies should engage in regular, effective and fair communication with shareholders.*

Principle 15*: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

The Board adopts the practice of regularly communicating major developments in the Group's businesses and operations through SGXNET and press releases to shareholders. All announcements and annual reports of the Company are available on the Company's website at www.magnusenergy.com.sg.

The Company sends the annual report and notice of AGM to all shareholders of the Company. The notice of AGM is advertised in a Singapore's newspaper. At the AGM, shareholders are given the opportunity to opine their views and query the Directors or the Management on matters regarding the Company. Shareholders have the opportunity to participate effectively and to vote in AGMs. They are allowed to vote in person or by appointed proxy.

During the AGM, the resolutions on each substantial issue are disclosed separately and not bundled together unless the resolutions are interdependent and linked so as to form one significant proposal. For such resolutions, clear explanation and reasons are provided together with its material implications.

The Company adopts the practices of preparation of minutes or notes of AGM, including the comments and/or queries from the shareholders and response from the Board and Management, and to make these minutes or notes available to shareholders upon their requests. In addition, the Company practises transparency during the AGM whereby the Chairman of NC, RC and AC and the Company's external auditors are present and available to address shareholders' questions and concerns about the conduct of the Company and/or audit and the preparation and content of the Independent Auditors Report.

13. SECURITIES TRANSACTIONS

The Company has in place a policy prohibiting share dealings by Directors and officers of the Group while in possession of unpublished material or price-sensitive information during the "closed period", which is defined as two weeks before the announcement of the Group's financial statements for each of the first three quarters of its financial year or one month before its full financial year and ending on the date of the announcement of the relevant results. Directors and officers of the Group are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

The Directors and officers of the Group are strongly discouraged to deal in the Company's securities on short-term considerations.

14. MATERIAL CONTRACTS

There were no material contracts of the Company, or its subsidiaries involving the interests of any director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of previous financial year.

15. INTERESTED PERSONS TRANSACTIONS

The Company has in place proper policies and procedures for the identification, approval and monitoring of transactions with interested persons. All interested persons transactions are subject to review by the AC. During the financial year ended 30 June 2009, there were no interested persons transactions.

REPORT OF THE DIRECTORS

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Magnus Energy Group Ltd. (the "Company") and its subsidiaries (the "Group") for the financial year ended 30 June 2009 and balance sheet of the Company as at 30 June 2009.

1 Directors

The directors of the Company in office at the date of this report are:

Idris Bin Abdullah @ Das Murthy
Md Wira Dani Bin Abdul Daim
Lim Kuan Yew
Koh Teng Kiat
Goh Boon Kok
Chin Kok Sang (Appointed on 1 July 2008)
Hisham Othman (Appointed on 24 July 2008)

2 Arrangements to Enable Directors to Acquire Shares and Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3 Share Options

(a) Magnus Energy Employee Share Option Plan ("Magnus Energy ESOP") and Magnus Energy Performance Share Plan ("Magnus Energy PSP")

Magnus Energy ESOP and Magnus Energy PSP (collectively referred to as the "Share Schemes") were approved by the shareholders at the Extraordinary General Meeting of the Company held on 19 November 2007.

The Remuneration Committee of the Company (the "RC") has been designated as the committee responsible for the administration of the Share Schemes. The members of the RC are Idris Bin Abdullah @ Das Murthy, Chin Kok Sang and Goh Boon Kok.

Under the Share Schemes, share options or awards are granted to the following persons at the absolute discretion of the RC:

(i) Group Executives who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time; and

(ii) Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

The Share Schemes are designed to reward and retain the Group Executives and Non-Executive Directors whose services are vital to the well-being and success of the Group. Under the Magnus Energy ESOP, the share options are granted to eligible participants exercisable during a certain period and at a certain price. Under the Magnus Energy PSP, share awards are granted to eligible participants. Share awards represent the right of a participant to receive fully paid ordinary shares in the capital of the Company ("Shares"), their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed vesting periods.

For discounted share options, the exercise price of each granted share option is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount shall not exceed twenty (20) per cent. of the Market Price. This Market Price is the weighted average price of the Shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") over the three consecutive trading days immediately preceding the date of grant of that option, as determined by the RC by reference to the daily official list or any other publication published by the SGX-ST.

REPORT OF THE DIRECTORS

3 Share Options (cont'd)

(a) Magnus Energy Employee Share Option Plan ("Magnus Energy ESOP") and Magnus Energy Performance Share Plan ("Magnus Energy PSP") (cont'd)

For non-discounted share options, the exercise price of each granted share option is set at Market Price or such higher price as may be determined by the RC in its absolute discretion.

The non-discounted share options were first granted on 4 December 2007 and accepted on 3 January 2008. The accepted non-discounted share options will be exercisable within four years on or after the first, second and third anniversary of date of the grant in the proportion of 35%, 35% and 30% respectively.

(b) Outstanding Share Options

The numbers of unissued ordinary shares of the Company under share options outstanding at the end of the financial year are as follows:

Date of grant	Number of unissued ordinary shares under outstanding options	Vesting Period	Fair value per ordinary share
4 December 2007	2,502,500	4 December 2008 to 3 December 2009	0.0190
4 December 2007	2,502,500	4 December 2009 to 3 December 2010	0.0354
4 December 2007	2,145,000	4 December 2010 to 3 December 2011	0.0372

(c) Pursuant to clause 852(1) of the Listing Manual of the SGX-ST, in addition to information disclosed elsewhere in this report, the directors report that the share options granted to and exercised by directors of the Company and its subsidiaries during the financial year are detailed as follows:

Name of directors	Aggregate share options granted 30.6.2009	Aggregate share options exercised 30.6.2009	Aggregate share options lapsed 30.6.2009	Aggregate share options outstanding at 30.6.2009
Non-discounted share options of the Company				
Koh Teng Kiat	2,080,000	–	–	2,080,000
Goh Boon Kok	1,387,000	–	–	1,387,000
Share options of the subsidiary, APAC Coal Limited				
Koh Teng Kiat	1,300,000	–	–	1,300,000

(i) no share options have been granted to controlling shareholders of the Company or their associates under the Magnus Energy ESOP during the financial year.

(ii) other than those as disclosed in (c)(i) above, participants who received 5.0% or more of the total number of options available under the Magnus Energy ESOP are as follows:

Name of participant	Aggregate share options granted 30.6.2009	Aggregate share options exercised 30.6.2009	Aggregate share options lapsed 30.6.2009	Aggregate share options outstanding at 30.6.2009
Non-discounted share options				
Ong Eng Kee	1,040,000	–	–	1,040,000
Wong Siew Chuan	1,040,000	–	–	1,040,000
Alwie Handoyo	475,000	–	–	475,000

(iii) no share options were granted at a discount during the financial year.

REPORT OF THE DIRECTORS

4 Directors' Interests in Shares and Debentures

The following directors who held office at the end of the financial year had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, Cap. 50, an interest in shares of the Company and related corporations, as stated below:

	Direct interest			Deemed interest		
	As at 1.7.2008 or date of appointment, if later	As at 30.6.2009	As at 21.7.2009	As at 1.7.2008 or date of appointment, if later	As at 30.6.2009	As at 21.7.2009
The Company						
Ordinary shares						
Md Wira Dani Bin Abdul Daim	–	–	–	338,000,000	338,000,000	338,000,000
Goh Boon Kok	300,000	300,000	300,000	–	–	–

No other directors who held office at the end of the financial year had interests in shares or debentures of the Company or related corporations either at the beginning of the financial year or date of appointment if later or at the end of the financial year and on 21 July 2009.

5 Directors' Contractual Benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in the financial statements.

6 Audit Committee

The Audit Committee comprises three non-executive directors who are also independent directors. The members of the Committee are:

Goh Boon Kok, Chairman
Idris Bin Abdullah @ Das Murthy, Member
Chin Kok Sang, Member

The Audit Committee carried out its functions in accordance with the Companies Act, Cap. 50 and the Singapore Exchange Securities Trading Limited Listing Manual. In performing those functions, the Audit Committee inter alia reviewed:

(a) The effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management;

(b) The audit plan of the Company's independent auditors and, if any, their report on the weaknesses of internal accounting control arising from their statutory audit;

(c) The assistance provided by the Group's officers to the independent auditors;

(d) Interested party transactions for the financial year ended 30 June 2009 in accordance with Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual to satisfy themselves that the transactions are of normal commercial terms;

(e) The balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2009 before their submission to the board of directors and the independent auditors' report on those financial statements; and

REPORT OF THE DIRECTORS

6 Audit Committee (cont'd)

(f) Recommended to the Board of Directors the independent auditors to be nominated approved the compensation of the auditors and reviewed the scope of the audit.

The Audit Committee has recommended to the Board of Directors that the independent auditors, Moore Stephens LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

The Audit Committee held five meetings during the financial year.

7 Independent Auditors

The independent auditors, Moore Stephens LLP, Certified Public Accountants, have expressed their willingness to accept re-appointment.

8 Other information required by the Singapore Exchange Securities Trading Limited

No material contracts to which the Company or any subsidiary is a party and which involve directors' interests subsisted at, or have been entered into since the end of the previous financial year.

On behalf of the Board of Directors,

LIM KUAN YEW
Director

KOH TENG KIAT
Director

Singapore
7 Octorber 2009

STATEMENT BY DIRECTORS

We, Lim Kuan Yew and Koh Teng Kiat, being two of the directors of Magnus Energy Group Ltd., do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement together with the notes thereto, set out on pages 24 to 82 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2009 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

LIM KUAN YEW
Director

KOH TENG KIAT
Director

Singapore
7 Octorber 2009

INDEPENDENT AUDITORS' REPORT

to the Members of Magnus Energy Group Limited

We have audited the accompanying balance sheet of Magnus Energy Group Ltd. (the "Company") as at 30 June 2009 and the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheet as at 30 June 2009, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 82.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of a true and fair income statement and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2009 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP
Public Accountants and
Certified Public Accountants

Singapore
7 Octorber 2009

CONSOLIDATED INCOME STATEMENT

for the financial year ended 30 June 2009

	Note	2009 S$	2008 S$
Revenue	3	103,400,534	117,850,625
Cost of sales		(85,933,877)	(96,175,680)
Gross profit		17,466,657	21,674,945
Other operating (expenses) / income	4	(55,658,408)	1,053,764
Distribution and selling expenses	5	(664,300)	(894,117)
Administrative expenses	6	(14,561,784)	(14,717,082)
Finance income	8	633,022	550,539
Finance costs	9	(624,336)	(524,475)
Share of results of associated companies	14	65,777	50,891
(Loss) / Profit before income tax		(53,343,372)	7,194,465
Income tax expense	10	(2,759,651)	(1,245,930)
(Loss) / Profit after income tax		(56,103,023)	5,948,535
Attributable to:			
Equity holders of the Company		(38,393,330)	133,840
Minority interests		(17,709,693)	5,814,695
		(56,103,023)	5,948,535
(Loss)/Earnings per share attributable to equity holders of the Company (cents)			
Basic and diluted	11	(2.183)	0.008

The accompanying notes form an integral part of the financial statements

BALANCE SHEETS

as at 30 June 2009

		Group		Company	
	Note	2009 S$	2008 S$	2009 S$	2008 S$
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	4,409,952	24,202,685	196,220	218,113
Investments in subsidiaries	13	–	–	27,366,213	50,348,950
Investments in associated companies	14	114,971	90,531	–	–
Investments in joint venture entities	15	–	–	–	–
Goodwill	16	1,569,703	9,541,486	–	–
Intangible assets	17	31,237,360	52,436,019	–	–
Available-for-sale financial assets	18	6,634,278	10,052,257	4,226,250	1,441,875
Deferred income tax assets	10	267,735	197,516	–	–
Total Non-Current Assets		44,233,999	96,520,494	31,788,683	52,008,938
Current Assets					
Inventories	19	23,208,063	20,654,470	–	–
Trade and other receivables	21	12,664,872	19,829,565	683,868	1,588,676
Related parties balances	22	901,942	1,036,879	396,260	23,907,701
Cash and cash equivalents	23	23,696,556	23,605,931	2,988	79,137
Total Current Assets		60,471,433	65,126,845	1,083,116	25,575,514
Total Assets		104,705,432	161,647,339	32,871,799	77,584,452
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	24	11,897,595	17,353,434	286,152	331,665
Bank overdrafts	25	1,444,583	2,645,512	1,388,867	1,526,243
Related parties balances	22	8,538,284	10,068,870	–	–
Short-term borrowings	26	4,053,137	3,472,225	411,489	–
Finance lease obligations	27	48,127	40,822	19,464	20,330
Income tax liabilities		1,558,232	1,487,560	135,000	–
Total Current Liabilities		27,539,958	35,068,423	2,240,972	1,878,238
Non-Current Liabilities					
Finance lease obligations	27	130,748	91,485	78,378	91,485
Deferred income tax liabilities	10	9,418,692	11,935,315	32,800	32,800
Total Non-Current Liabilities		9,549,440	12,026,800	111,178	124,285
Total Liabilities		37,089,398	47,095,223	2,352,150	2,002,523
Equity					
Share capital	28	116,501,816	116,501,816	116,501,816	116,501,816
Reserves	29	(77,601,337)	(40,630,961)	(85,982,167)	(40,919,887)
		38,900,479	75,870,855	30,519,649	75,581,929
Minority interests		28,715,555	38,681,261	–	–
Total Equity		67,616,034	114,552,116	30,519,649	75,581,929
Total Liabilities and Equity		104,705,432	161,647,339	32,871,799	77,584,452

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2009

	Attributable to shareholders							
	Share Capital S$	Share-based Payment Reserve S$	Fair Value Reserve S$	Translation Reserve S$	Retained Earnings S$	Total S$	Minority Interests S$	Total Equity S$
Group								
2009								
Balance at 1 July 2008	**116,501,816**	**67,798**	**197,556**	**(5,026,916)**	**(35,869,399)**	**75,870,855**	**38,681,261**	**114,552,116**
Fair value changes to available-for-sale financial assets	–	–	(468,737)	–	–	(468,737)	(2,238,074)	(2,706,811)
Deferred tax on the fair value changes to available-for-sale financial assets	–	–	650,466	–	–	650,466	546,343	1,196,809
Foreign currency translation differences	–	–	(318,198)	1,579,406	–	1,261,208	(16,225)	1,244,983
Transferred to income statement on disposal of available-for-sale financial assets	–	–	(128,051)	–	–	(128,051)	–	(128,051)
Grant of equity share options	–	108,068	–	–	–	108,068	(16,898)	91,170
Net income / (loss) recognised directly in equity	–	108,068	(264,520)	1,579,406	–	1,422,954	(1,724,854)	(301,900)
Net loss for the year	–	–	–	–	(38,393,330)	(38,393,330)	(17,709,693)	(56,103,023)
Total recognised income / (loss) for the year	–	108,068	(264,520)	1,579,406	(38,393,330)	(36,970,376)	(19,434,547)	(56,404,923)
Issuance of additional shares by subsidiary to the minority shareholders pursuant to the restructuring exercise	–	–	–	–	–	–	18,597,783	18,597,783
Atrributable to the acquisition of minority share in a subsidiary	–	–	–	–	–	–	(8,213,189)	(8,213,189)
Dividends paid by a subsidiary through minority shareholders	–	–					(915,753)	(915,753)
Balance at 30 June 2009	**116,502,816**	**175,866**	**(66,964)**	**(3,447,510)**	**(74,262,729)**	**(38,900,479)**	**28,715,555**	**67,616,034**

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2009

	Attributable to shareholders							
	Share Capital S$	Share-based Payment Reserve S$	Fair Value Reserve S$	Translation Reserve S$	Retained Earnings S$	Total S$	Minority Interests S$	Total Equity S$
Group								
2008								
Balance at 1 July 2007	**105,091,816**	**–**	**65,380**	**(396,787)**	**(36,003,239)**	**68,757,170**	**28,053,530**	**96,810,700**
Fair value changes to available-for-sale financial assets	–	–	607,720	–	–	607,720	1,361,279	1,968,999
Deferred tax on the fair value changes to available-for-sale financial assets	–	–	(443,859)	–	–	(443,859)	(372,809)	(816,668)
Foreign currency translation differences	–	–	34,574	(4,630,129)	–	(4,595,555)	(2,755,565)	(7,351,120)
Transferred to income statement on disposal of available-for-sale financial assets	–	–	(66,259)	–	–	(66,259)	(24,020)	(90,279)
Grant of equity share options	–	67,798	–	–	–	67,798	29,713	97,511
Net Income/(loss) recognised directly in equity	–	67,798	132,176	(4,630,129)	–	(4,430,155)	(1,761,402)	(6,191,557)
Net profit for the year	–	–	–	–	133,840	133,840	5,814,695	5,948,535
Total recognised income/(loss) for the year	–	67,798	132,176	(4,630,129)	133,840	(4,296,315)	4,053,293	(243,022)
Issuance of 70,000,000 ordinary shares at S$0.163 each via private placement	11,410,000	–	–	–	–	11,410,000	–	11,410,000
Issuance of additional shares by a subsidiary	–	–	–	–	–	–	7,406,061	7,406,061
Attributable to the disposal of a subsidiary	–	–	–	–	–	–	(76,314)	(76,314)
Dividends paid by a subsidiary to minority shareholders	–	–	–	–	–	–	(755,309)	(755,309)
Balance at 30 June 2008	**116,501,816**	**67,798**	**197,556**	**(5,026,916)**	**(35,869,399)**	**75,870,855**	**38,681,261**	**114,552,116**

The accompanying notes form an integral part of the financial statements

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 30 June 2009

	Note	2009 S$	2008 S$
Cash Flows from Operating Activities			
(Loss) / Profit before income tax		(53,343,372)	7,194,465
Adjustments:			
Amortisation of intangible assets		482,312	1,390,109
Trade receivables written off / (recovered)		95,173	(37,085)
Non-trade receivables written off		2,189	64,688
Depreciation of property, plant and equipment		2,985,526	3,055,332
Property, plant and equipment written off		34,915	–
Impairment loss of intangible assets		42,042,004	2,176,865
Impairment loss of property, plant and equipment		19,012,723	–
Impairment loss of trade receivables		–	141,301
Interest expense		328,031	368,886
Interest income		(633,022)	(550,539)
Gain on disposal of available-for-sale financial assets		(31,655)	(1,250,295)
Gain on disposal of property, plant and equipment		(737)	(50,251)
Grant of equity share options		91,170	82,082
Gain on disposal of a subsidiary		–	(286,759)
Gain on restructuring of a subsidiary		(6,684,643)	–
Loss on deemed disposal of a subsidiary		–	1,129,535
Share of results of associated companies		(65,777)	(50,891)
Operating cash flow before working capital changes		4,314,837	13,377,443
Changes in operating assets and liabilities:			
Inventories		(2,553,593)	(6,146,601)
Trade and other receivables		7,067,331	(2,229,674)
Trade and other payables		(5,455,839)	(9,025,823)
Related parties balances (net)		(1,395,649)	4,734,794
Cash flows generated from operations		1,977,087	710,139
Interest income received		633,022	550,539
Interest paid		(328,031)	(368,886)
Income taxes paid		(1,987,220)	(682,432)
Net cash flows generated from operating activities		294,858	209,360
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		121,359	808,229
Purchase of property, plant and equipment	B	(1,050,030)	(1,884,948)
Net proceeds from sale of available-for-sale financial assets		1,141,250	1,541,349
Acquisition of available-for-sale financial assets		(1,625,880)	(4,532,957)
Payment of additional participating interest for the exploration of an area covered by the Petroleum Exploration License 101 granted under the Petroleum Act 2000 of South Australia		98,033	(2,034,813)
Refund/(payment) of exploration and evaluation for the Kuaro coal formation in Indonesia		(334,996)	(68,820)
Net cash flow from disposal of subsidiaries	C	(247)	351,566
Payment of dividends by a subsidiary company to minority interests		(915,753)	(755,309)
Net cash flow used in investing activities		(2,566,264)	(6,575,703)

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 30 June 2009

	Note	2009 S$	2008 S$
Cash Flows from Financing Activities			
Proceeds from short-term borrowings		620,993	496,303
Net proceeds from issue of shares, net of expenses		–	11,410,000
Net proceeds from issue of shares to minority interests		–	7,406,061
Increase in finance from lease obligations		94,757	–
Repayment of finance lease obligations		(48,189)	(67,651)
Repayment of short-term borrowings		(40,081)	(2,693,450)
Fixed deposits pledged to a bank		(769,695)	(2,024,625)
Net cash flows (used in) / generated from financing activities		(142,215)	14,526,638
Net foreign currency translation adjustments		3,035,480	(3,699,128)
Net increase in cash and cash equivalents		621,859	4,461,167
Cash and cash equivalents at the beginning of the year		10,637,297	6,176,130
Cash and cash equivalents at the end of the year	A	11,259,156	10,637,297

A Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:

	Note	2009 S$	2008 S$
Cash and bank balances	23	7,533,739	13,282,809
Fixed deposits	23	5,170,000	–
Bank overdrafts, unsecured	25	(1,444,583)	(2,645,512)
		11,259,156	10,637,297

B Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$1,177,994 (2008: S$2,027,258) of which S$127,964 (2008: S$142,310) was acquired by means of finance leases. Cash payments of S$1,050,030 (2008: S$1,884,948) were made to purchase property, plant and equipment.

C Disposal of subsidiaries

The attributable net assets of subsidiaries disposed of during the year ended 30 June 2009 and 2008 were as follows:

	2009 S$	2008 S$
Property, plant and equipment	–	764,011
Trade and other receivables	–	414,366
Cash and cash equivalents	504	61,959
Trade and other payables	–	(323,549)
Related parties balances (net)	–	(681,838)
Income tax liabilities	–	(31,869)
Minority interests	(247)	(76,314)
Net assets disposed of	257	126,766
Gain on disposal	–	286,759
Proceeds from disposal of subsidiaries	257	413,525
Less:		
Cash and cash equivalents of subsidiaries disposed of	(504)	(61,959)
Net cash (outflow)/inflow on disposal of subsidiaries	(247)	351,566

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate Information

Magnus Energy Group Ltd. (the "Company") is a public listed company incorporated and domiciled in Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 10 Anson Road #33-13, International Plaza, Singapore 079903.

The principal activities of the Company are those of investment holding. The principal activities of the subsidiaries, associated companies and joint venture entities are set out in Notes 13, 14, and 15, respectively.

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements, which are expressed in Singapore Dollars, are prepared in accordance with Singapore Financial Reporting Standards ("FRS") and the provisions of the Singapore Companies Act, Cap. 50. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the Directors to exercise judgment in the process of applying the Group's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on the Directors' best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Critical accounting judgments and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 36 to the financial statements.

Adoption of New/Revised FRS and Interpretations to FRS ("INT FRS")

During the financial year, the Group has adopted all the new and revised FRS and Interpretations to FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRS and INT FRS did not have any significant financial impact on these financial statements.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the Group has not applied of the following relevant new FRS and amendments to FRS that have been issued but are only effective for the Group's annual financial periods beginning on or after 1 July 2009:

Revised FRS 1	:	Presentation of Financial Statements
FRS 102		Share-based Payment – Vesting Conditions and Cancellations
FRS108	:	Operating Segments
Revised FRS 23	:	Borrowing Costs
Revised FRS 103	:	Business Combinations
Amendments to FRS 27	:	Consolidated and Separate Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Revised FRS 1 *Presentation of Financial Statements*

Revised FRS 1, which is effective for the financial year beginning 1 July 2009, requires the Company to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements.

FRS 102 *Amendments to FRS 102 on Vesting Conditions and Cancellations*

The amendments to FRS 102 on Vesting Conditions and Cancellations will become effective for the Company's financial statements for the financial year beginning 1 July 2009. The amendments clarify the definition of vesting conditions and provide the accounting treatment for non-vesting conditions and cancellations.

FRS 108 *Operating Segments*

FRS 108, which is effective for the financial year beginning 1 July 2009, supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources.

Revised FRS 23 *Borrowing Costs*

Revised FRS 23, which is effective for the financial year beginning 1 July 2009 removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowings costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

Revised FRS 103 *Business Combinations*

Revised FRS 103, which is effective for the financial year beginning 1 July 2009, incorporates the following changes that are likely to be relevant to the Group's operations:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent considerations will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Amendments to FRS 27 *Consolidated and Separate Financial Statements*

Amendments to FRS 27, which is effective for the financial year beginning 1 July 2009, required accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss.

Other than the change in disclosures relating to FRS 108, the initial application of these standards (and its consequential amendments) is not expected to have any material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

2 Summary of Significant Accounting Policies (cont'd)

(b) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition.

All intra-group balances, transactions, revenue and expenses and unrealised gains and losses resulting from intra-group transactions that are recognised in assets are eliminated on consolidation. Assets, liabilities and results of foreign subsidiaries are translated into Singapore dollar on the basis outlined in Note 2(c) below. The results of subsidiaries acquired or disposed of during the year are included in or excluded from the consolidated income statement from the date of their acquisition or disposal.

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which is not owned directly or indirectly by the Group. It is measured at the minority's share of the subsidiary's identifiable assets and liabilities at the date of acquisition by the Group and the minority's share of changes in equity since the date of acquisition, except where losses applicable to the minority in the subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company. When that subsidiary subsequently reports profits, the profits applicable to the minority are attributed to the equity holders of the Company until the minority's share of losses previously absorbed by the equity holders of the Company has been fully recovered.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests, which result in gains and losses for the Group, are recorded in the income statement. The difference between any consideration paid to minority interests for purchases of additional equity interest in a subsidiary and the incremental share of the carrying value of the net assets of the subsidiary is recognised as goodwill.

(ii) Associated Companies

An associated company is an entity over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

Equity accounting involves recording investment in associated company (includes costs directly attributable to the acquisition) initially at cost, and recognising the Group's share of its associated company's post-acquisition results and its share of post-acquisition movements in reserves against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses. Where the audited financial statements with financial year ends that are not co-terminous with those of the Group, the share of results is arrived at from the latest available audited financial statements and unaudited management financial statements to the end of the accounting period.

In applying the equity method of accounting, unrealised gains on transactions between the Group and its associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The goodwill arising on acquisition of associated companies is included within the carrying amount of the investment and is assessed for impairment as part of the investments.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

2 Summary of Significant Accounting Policies (cont'd)

(b) Basis of Consolidation (cont'd)

(iii) Interest in Joint Ventures

A joint venture entity is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, which is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint venture arrangement directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interests in the joint venture entities.

(c) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the primary economic environment in which each of the entities within the Group operates (the "functional currency"). The consolidated financial statements and the balance sheet of the Company are presented in Singapore Dollars, which is the functional and presentation currency of the Company.

(ii) Translation and Balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of such transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognsed in the income statement except for currency translation differences on net investment in foreign entities which are taken to equity. Currency translation differences on non-monetary items such as equity investments classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Translation of Group Entities' Financial Statements

The results and financial position of all the Group entities (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the dates of the transactions); and

- All resulting exchange differences are taken to the foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

2 Summary of Significant Accounting Policies (cont'd)

(c) Foreign Currency Translation (cont'd)

(iv) Consolidation Adjustments

On consolidation, currency translation differences arising from the net investment in foreign operations, borrowings in foreign currencies, and other currency instruments designated as hedges of such investments, are taken to the currency translation reserve. When a foreign operation is sold, such currency translation differences recorded in the currency translation reserve are recognised in the income statement as part of the gain or loss on sale.

(d) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of taxes, rebates and discounts, and after eliminating sales within the Group.

Revenue is recognised as follows:

(i) Revenue from Sale of Goods

Revenue from sale of goods is recognised upon passage of title to the customers which generally coincides with their delivery and acceptance, net of goods and services tax and sales returns.

(ii) Revenue from Contracts

Revenue from contracts is recognised in accordance with the accounting policy stated in Note 2(n) below.

(iii) Revenue from Maintenance Services

Revenue from maintenance services is recognised on a pro-rated basis over the period of the maintenance contract based on services performed.

(iv) Rental Income

Rental income is recognised on a straight line basis over the lease term as set out in specific rental agreements.

(v) Service Fee Income

Service fee income is recognised when the related services are rendered, based on services provided as a proportion o fthe total services to be performed.

(vi) Dividend Income

Dividend income from quoted investments is recognised when the shareholders' right to receive payment has been established.

(vii) Interest Income

Interest income is recognised on a time apportioned basis using the effective interest method.

Group revenue excludes intercompany transactions.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

2 Summary of Significant Accounting Policies (cont'd)

(e) Employee Benefits

(i) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

A subsidiary, incorporated and operating in the People's Republic of China ("PRC"), is required to provide certain retirement plan contribution to their employees under existing PRC regulations. Contributions are provided at rates stipulated by the PRC regulations and are managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees.

(ii) Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(iii) Share-based Compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the income statement, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the share options are exercised, the proceeds received (net of any directly attributable transaction costs) and the related balance previously recognised in the share option reserve is credited to share capital when new ordinary shares are issued.

(f) Property, Plant and Equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(i) Components of Costs

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

2 Summary of Significant Accounting Policies (cont'd)

(f) Property, Plant and Equipment (cont'd)

(ii) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Freehold building	40 years
Leasehold buildings and improvements	5 – 15 years
Machinery, tools and equipment	3 – 10 years
Oil and gas properties	Over the remaining life of the oil concession rights
Motor vehicles	5 – 10 years
Computers	3 – 5 years
Office equipment	5 – 8 years
Furniture and fittings	5 – 10 years
Renovations	6 years

No depreciation is charged for freehold land.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision of the residual values and useful lives are included in the income statement for the financial year in which the changes arise.

(iii) Subsequent Expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset 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. Other subsequent expenditure is recognised as repair and maintenance expense in the income statement during the financial year in which it is incurred.

(iv) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

(g) Investments in Subsidiaries, Associated Companies and Joint Venture Entities

Investments in subsidiaries, associated companies and joint venture entities are stated in the Company's balance sheet at cost less any impairment losses. On disposal of investments in subsidiaries, associated companies and joint venture entities, the difference between net disposal proceeds and the carrying amounts of the investments are taken to the income statement.

(h) Goodwill on Consolidation

Goodwill represents the excess of the cost of an acquisition of subsidiary or a jointly controlled entity over the fair value of the Group's share of their identifiable assets, liabilities and contingent liabilities, at the date of acquisition. Goodwill on acquisition of a subsidiary and jointly controlled entity is classified as goodwill on consolidation.

Following initial recognition, goodwill is measured at cost less any impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit ("CGU") to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment loss on goodwill is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

2 Summary of Significant Accounting Policies (cont'd)

(h) Goodwill on Consolidation (cont'd)

Gains and losses on disposal of the subsidiaries and joint venture entities include the carrying amount of goodwill relating to the entity disposed.

The Group's policy for goodwill arising on the acquisition of an associated company is described under "Associated Companies" in Note 2(b)(ii).

Negative goodwill which represents the excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the income statement on the date of acquisition.

(i) Intangible Assets

(i) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Capitalised exploration and development expenditure is carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation of costs carried forward will be charged from the commencement of production. When production commences, costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

(ii) Coal Concession Rights

Coal concession rights are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the coal concession rights over the license period of 30 years, commencing from the date that mining operations commence.

(iii) Oil Concession Rights

Oil concession rights are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the oil concession rights over the remaining life of the concession rights of 11 years.

(j) Financial Assets

(i) Classification

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial asset. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables", including "related parties balances" and "cash and cash equivalents" on the balance sheet as disclosed under Note 2(o) and Note 2(p), respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

2 Summary of Significant Accounting Policies (cont'd)

(j) Financial Assets (cont'd)

(i) Classification (cont'd)

(b) *Available-for-Sale Financial Assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(ii) Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on trade-date; the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the income statement. Any amount in the fair value reserve relating to that asset is also taken to the income statement.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(iii) Initial Measurement

Financial assets are initially recognised at fair value plus transaction costs.

(iv) Subsequent Measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary assets denominated in a foreign currency and classified as available-for-sale are analysed into translation differences resulting from changes in fair value of the asset and other changes. The translation differences are recognised in the income statement, and other changes are recognised in the fair value reserve within equity. Changes in fair values of other monetary and non-monetary assets that are classified as available-for-sale are recognised in the fair value reserve within equity.

(k) Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises on allowance for impairment when such evidence exists.

(i) Loans and Receivables

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators or objective evidence that receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

2 Summary of Significant Accounting Policies (cont'd)

(k) Impairment of Financial Assets (cont'd)

(ii) Available-for-Sale Financial Assets

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator or objective evidence that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that has been recognised directly in the fair value reserve is removed from the fair value reserve within equity and recognised in the income statement. The cumulative loss recognised in the income statement cannot be subsequently reversed. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

(l) Impairment of Non-Financial Assets Excluding Goodwill

Non-financial assets excluding goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment is also recognised in the income statement.

(m) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost includes all costs in bringing the inventories to their present location and condition. It is determined on the following basis:

<u>Finished goods</u>

Tubular products	-	specific identification
Equipment and spares	-	weighted average
Actuators, valves, control systems and electrical products	-	first-in, first-out

<u>Work in progress</u>

Cost of direct materials (specific identification) and other attributable overheads.

Net realisable value represents the estimated selling price less anticipated cost of disposal and after making allowance for damaged, obsolete and slow-moving items.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

2 Summary of Significant Accounting Policies (cont'd)

(n) Contracts

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion of contract value certified to date bear to the estimated total contract value, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract value certified that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is possible that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Construction work-in-progress is stated at the lower of cost plus attributable profit less anticipated loss and progress billings, and net realisable value. Cost comprises material costs, direct labour and relevant overheads. Provision for total anticipated loss on construction contracts is recognised in the financial statements when the loss is foreseeable.

At the balance sheet date, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on contracts within "trade and other receiveables" Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on contracts within "trade and other payables".

Progress billings not yet paid by customers and retentions are included within "trade and other receivables". Advances received are included within "trade and othe payables".

(o) Trade and Other Receivables

Trade receivables are generally on 30-90 day terms. These trade and other receivables, including amounts due from subsidiaries, joint venture entities, associated companies and related parties, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method, less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

(p) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances, fixed deposits and bank overdrafts. Bank overdrafts are shown in current liabilities on the balance sheet.

For purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and bank balances, and fixed deposits with banks but exclude those amounts that were pledged to secure banking facilities and bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

2 Summary of Significant Accounting Policies (cont'd)

(q) Trade and Other Payables

These trade and other payables are normally settled on 30-90 day terms. Trade and other payables including amount due to subsidiaries, associated companies, joint venture entities, and related parties are initially recognised at fair value, and subsequently measured at amortised cost, using the effective interest method.

(r) Borrowings and Borrowing Costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the balance sheet date are presented as current borrowings. Other borrowings due to be settled more than 12 months after the balance sheet date are presented as non-current borrowings in the balance sheet.

Borrowing costs are charged to the income statement when incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

(s) Provision for Liabilities and Charges

Provisions for asset dismantlement, removal or restoration, warranty, restructuring and legal claims are recognised when the Group has a legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

(t) Leases

(i) Finance Leases

Leases of property, plant and equipment where the Group assumes substantially the risks and rewards of ownership are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively at the inception of the leases at the lower of the fair values of the leased assets and the present values of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding lease liability. The finance charge is recognised in the income statement and allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability.

(ii) Operating Leases

Leases of property, plant and equipment where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the income statement in the financial year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

2 Summary of Significant Accounting Policies (cont'd)

(u) Income Taxes

Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for all deductible taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax assets/liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint venture entities, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and tax losses can be utilised.

Deferred income tax assets and liabilities are measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date; and

(ii) based on the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in the income statement for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from the revaluation gains and losses on land and buildings, fair value gains and losses on available-for-sale financial assets and cash flow hedges, and the liability component of convertible debts are charged or credited directly to equity in the same period the temporary differences arise. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(v) Related Parties

A related party is an entity or person that directly or indirectly through one or more intermediate controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family or any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. This includes parents, subsidiaries, fellow subsidiaries, associates, joint venture and post-employment benefit plan, if any.

(w) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

3 Revenue

	Group 2009 S$	Group 2008 S$
Revenue comprises the following:		
Revenue from sale of goods	99,536,309	111,789,959
Revenue from maintenance services	1,432,476	2,366,781
Revenue from rental of equipment	2,431,749	3,693,885
	103,400,534	117,850,625

4 Other Operating (Expenses)/Income

	Group 2009 S$	Group 2008 S$
The following key items have been included in arriving at other operating (expenses)/income		
Fair value (loss)/gain transferred from fair value reserve upon disposal of available-for-sale financial assets	(128,051)	90,279
Foreign exchange gain - net	1,703,220	2,109,243
Gain on disposal of a subsidiary	–	286,759
Gain on disposal of available-for-sale financial assets	31,655	1,250,295
Gain on disposal of property, plant and equipment	737	50,251
Gain on restructuring of a subsidiary	6,684,643	–
Impairment loss on intangible assets (Note17)	(42,042,004)	(2,176,865)
Impairment loss on property, plant and equipment (Note12)	(19,012,723)	–
Impairment loss on of trade receivables	–	(141,301)
Loss on deemed disposal of a subsidiary	–	(1,129,535)
Non-trade receivables written-off	(2,189)	(64,688)
Property, plant and equipment written-off	(34,915)	–
Service fee income	451,607	444,356
Trade receivables (written-off)/recovered	(95,173)	37,085

5 Distribution and Selling Expenses

	Group 2009 S$	Group 2008 S$
The following key items have been included in arriving at distribution and selling expenses:		
Entertainment expenses	225,035	296,594
Public relation expenses	41,190	44,754
Travelling expenses	332,344	453,437

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

6 Administrative Expenses

	Group 2009 S$	Group 2008 S$
The following key items have been included in arriving at administrative expenses:		
Amortisation of intangible assets (Note 17)	482,312	1,390,109
Depreciation of property, plant and equipment (Note 12)	1,189,575	1,339,505
Directors' remuneration and fees (Note 7)	2,543,088	1,999,410
Office and operation supplies expenses	119,296	115,890
Operating lease expenses	533,088	441,209
Overseas exploration expenses	–	426,598
Professional fees	577,439	535,656
Staff costs (Note 7)	5,744,733	6,029,549

7 Personnel Expenses

	Group 2009 S$	Group 2008 S$
Staff costs:		
- wages, salaries and bonuses	5,387,452	5,411,818
- pension fund contributions	210,542	342,180
- other personnel expenses	146,739	275,551
Total Staff Costs (Note 6)	5,744,733	6,029,549
Directors' remuneration:		
- directors of the Company	553,504	782,578
- directors of subsidiaries	1,821,780	1,034,509
Directors' fees:		
- directors of the Company	167,804	182,323
Total directors' remuneration and fees (Note 6)	2,543,088	1,999,410
Total personnel expenses	8,287,821	8,028,959

8 Finance Income

	Group 2009 S$	Group 2008 S$
Interest income		
- bank balances	330,859	482,758
- fixed deposits	302,163	67,737
- trust account	–	44
	633,022	550,439

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

9 Finance Costs

	Group	
	2009	2008
	S$	S$
Interest expense		
- bank overdrafts	187,733	37,148
- bills payable to banks	125,259	–
- finance leases	13,991	4,988
- short-term borrowings	1,048	326,750
	328,031	368,886
Bank charges	167,439	127,185
Late payment interest	128,866	28,404
	624,336	524,475

10 Income Tax

	Group	
	2009	2008
	S$	S$
Current tax		
- current year	1,393,601	1,584,320
- under/(over) provision in respect of prior years	963,749	(21,457)
Deferred tax		
- current year	402,301	(316,933)
	2,759,651	1,245,930

A reconciliation of the statutory tax rate to the Group's effective tax rate applicable to (loss)/profit before income tax for the year ended 30 June is as follows:

	Group	
	2009	2008
	S$	S$
(Loss)/Profit before income tax	(53,343,372)	7,194,465
Tax at the applicable tax rate of 17.0% (2008: 18.0%)	(9,068,373)	1,295,004
Tax effect of non-deductible expenses	15,697,684	902,683
Tax effect of non-taxable income	(1,461,570)	(855,263)
Under/(over) provision in respect of prior years	963,749	(21,457)
Deferred tax asset not recognised	60,581	465,946
Utilisation of deferred tax asset not recognised in prior years	(5,809)	(18,596)
Foreign separate sourced income	394,399	–
Effect of different tax rates in other countries	(3,821,010)	(522,387)
	2,759,651	1,245,930

The Group has unutilised tax losses of approximately S$12,105,599 as at 30 June 2009 (2008: S$12,713,833) available for offset against future taxable profits, subject to compliance with the relevant provisions of the tax legislation of the respective countries in which the subsidiaries operate and agreement with the tax authorities. The potential deferred income tax assets arising from these unutilised tax losses have not been recognised in the financial statements in accordance with the accounting policy as stated in Note 2(u) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

10 Income Tax (cont'd)

Movements in deferred tax assets and liabilities during the year are as follows:

	At 1 July 2008 S$	Debited/ (Credited) to income statement S$	Debited/ (Credited) to equity S$	At 30 June 2009 S$
2009				
Group				
Deferred income tax assets				
Provisions	(197,516)	(70,219)	–	(267,735)
Deferred income tax liabilities				
Property, plant and equipment	1,262,373	(36,655)	–	1,225,718
Available-for-sale financial assets	816,668	–	(1,196,809)	(380,141)
Intangible assets	10,555,567	(190,118)	(1,792,334)	8,573,115
Others	(699,293)	699,293	–	–
	11,935,315	472,520	(2,989,143)	9,418,692
	11,737,799	402,301	(2,989,143)	9,150,957
Company				
Deferred income tax liabilities				
Temporary differences	32,800	–	–	32,800
2008				
Group				
Deferred income tax assets				
Provisions	(72,992)	(124,524)	–	(197,516)
Deferred income tax liabilities				
Property, plant and equipment	1,375,328	(112,955)	–	1,262,373
Available-for-sale financial assets	–	–	816,668	816,668
Intangible assets	11,948,002	(79,454)	(1,312,981)	10,555,567
Others	(699,293)	–	–	(699,293)
	12,624,037	(192,409)	(496,313)	11,935,315
	12,551,045	(316,933)	(496,313)	11,737,799
Company				
Deferred income tax liabilities				
Temporary differences	32,800	–	–	32,800

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

11 Earnings per Share

	Group	
	2009	2008
	S$	S$
(Loss)/ profit attributable to equity holders of the Company	(38,393,330)	133,840
Weighted average number of ordinary shares outstanding for basic earnings per ordinary share	1,758,678,060	1,750,454,016
Adjustment for assumed conversion of share options	7,150,000	7,150,000
Weighted average number of ordinary shares outstanding for diluted earnings per share	1,765,828,060	1,757,604,016
(Loss)/earnings per ordinary share (cents)		
- Basic and diluted	(2.183)	0.008

Basic earnings per share are calculated by dividing the Group (loss)/profit attributable to shareholders of the Company by the weighted average number of shares in issue during the year.

For the purpose of calculating diluted (loss)/earnings per share, (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

As at 30 June 2009, diluted loss per share is the same as basic loss per share as the potential ordinary shares were anti-dilutive and would decrease loss per share as at 30 June 2009. Therefore, the effect of anti-dilutive potential ordinary shares is ignored in calculating diluted loss per shaere as at 30 June 2009.

As at 30 June 2008, there was no significant difference between diluted earnings per share and basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

12 Property, Plant and Equipment

	Freehold land S$	Freehold building S$	Leasehold buildings and improvements S$	Machinery tools and equipment S$	Oil and gas properties S$	Motor Vehicles S$	Computers S$	Office Equipments S$	Furniture and Fittings S$	Renovation S$	Total S$
Group											
2009											
Cost											
As at 1.7.2008	410,761	771,441	297,127	9,580,526	21,648,772	941,323	728,238	58,383	629,385	31,435	35,097,361
Additions				769,637		203,418	33,179	23,938	103,358	44,465	1,177,994
Disposals/write off	–	–	–	(382,460)	–	(113,493)	(442,007)	(9,373)	(33,216)	(32,059)	(1,012,608)
Translation differences	(23,252)	(43,666)	18,798	(230,509)	1,976,668	26,783	39,794	2,047	(10,670)	–	1,755,995
As at 30.6.2009	387,509	727,745	315,925	9,737,194	23,625,440	1,058,031	359,204	74,995	688,859	43,840	37,018,742
Accumulated depreciation and impairment											
As at 1.7.2008	–	48,621	286,660	5,939,833	3,008,644	486,085	646,745	40,037	427,571	10,480	10,894,676
Charge for the year	–	10,620	5,648	978,648	1,733,221	148,631	43,582	5,915	51,519	7,742	2,985,526
Disposals/write off	–	–	–	(276,552)	–	(108,963)	(439,197)	(7,325)	(14,056)	(10,978)	(857,071)
Provision for impairment loss	–	–	–	548,622	18,464,101	–	–	–	–	–	19,012,723
Translation differences	–	(5,577)	18,062	84,853	419,474	13,649	34,061	2,387	6,026	–	572,936
As at 30.6.2009	–	53,664	310,370	7,275,404	23,625,440	539,402	285,191	41,014	471,062	7,244	32,608,790
Net book value											
As at 30.6.2009	387,509	674,081	5,555	2,461,790	–	518,629	74,013	33,981	217,799	36,596	4,409,952

An impairment loss of S$19,012,723(2008:NIL) was made in relation to the property, plant and equipment of the subsidiary, Songyuan Yongda Oilfields Exploration and Technology Co. Ltd ("Yongda") in relation to those oil wells which were dry and those with very low production yields. The impairment loss was determined based on the value-in-use analysis prepared by management for the cash generating-unit to which the oil wells belong.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

12 Property, Plant and Equipment (cont'd)

	Freehold land S$	Freehold building S$	Leasehold buildings and improvements S$	Machinery tools and equipment S$	Oil and gas properties S$	Motor Vehicles S$	Computers S$	Office Equipments S$	Furniture and Fittings S$	Renovation S$	Total S$
Group											
2008											
Cost											
As at 1.7.2007	462,404	793,386	334,483	9,956,243	22,334,378	1,041,803	792,347	78,920	627,528	31,435	36,452,927
Additions	–	–	–	1,488,725	277,503	193,512	26,092	1,849	39,577	–	2,027,258
Attributable to disposal of subsidiaries	–	–	–	(1,030,091)	–	–	(4,227)	–	–	–	(1,034,318)
Disposals/write off	–	–	–	(265,616)	(563,880)	(230,813)	(5,611)	(14,244)	(6,508)	–	(1,086,672)
Translation differences	(51,643)	(21,975)	(37,356)	(568,735)	(399,229)	(63,179)	(80,363)	(8,142)	(31,212)	–	(1,261,834)
As at 30.6.2008	410,761	771,411	297,127	9,580,526	21,648,772	941,323	728,238	58,383	629,385	31,435	35,097,361
Accumulated depreciation and impairment											
As at 1.7.2007	–	83,468	316,707	5,924,545	1,454,967	403,877	677,861	54,586	425,411	5,240	9,346,662
Charge for the year	–	13,174	5,583	1,092,904	1,660,919	185,321	45,918	5,893	40,380	5,240	3,055,332
Attributable to disposal of subsidiaries	–	–	–	(268,699)	–	–	(1,608)	–	–	–	(270,307)
Disposals/write off	–	–	–	(240,211)	(38,677)	(66,212)	(3,253)	–	(2,076)	–	(350,429)
Translation differences	–	(48,021)	(35,630)	(568,706)	(68,565)	(36,901)	(72,173)	(20,442)	(36,144)	–	(886,582)
As at 30.6.2008	–	48,621	286,660	5,939,833	3,008,644	486,085	646,745	40,037	427,571	10,480	10,894,676
Net book value											
As at 30.6.2008	410,761	722,790	10,467	3,640,693	18,640,128	455,238	81,493	18,346	201,814	20,955	24,202,685

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

12 Property, Plant and Equipment (cont'd)

	Motor Vehicles S$	Computers S$	Office equipment S$	Furniture and fittings S$	Renovations S$	Total S$
Company						
2009						
Cost						
As at 1.7.2008	188,644	47,714	4,221	43,995	31,435	316,009
Additions	–	4,939	13,481	12,822	44,465	74,707
Disposals / write off	–	(15,771)	–	(22,152)	(32,059)	(69,982)
As at 30.6.2009	188,644	36,882	17,702	33,665	43,841	320,734
Accumulated depreciation						
As at 1.7.2008	47,161	30,736	840	8,681	10,478	97,896
Charge for the year	31,440	10,751	2,591	3,446	7,742	55,970
Disposals & write off	–	(13,739)	–	(4,637)	(10,976)	(29,352)
As at 30.6.2009	78,601	27,748	3,431	7,490	7,244	124,514
Net book value						
As at 30.6.2009	110,043	9,134	14,271	26,175	36,597	196,220
2008						
Cost						
As at 1.7.2007	225,888	43,405	3,590	43,995	31,435	348,412
Additions	188,644	7,818	631	–	–	197,093
Disposals	(225,888)	(3,608)	–	–	–	(229,496)
As at 30.6.2008	188,644	47,714	4,221	43,995	31,435	316,009
Accumulated depreciation						
As at 1.7.2007	31,373	20,277	386	4,281	5,239	61,556
Charge for the year	81,672	12,664	454	4,400	5,239	104,429
Disposals	(65,884)	(2,205)	–	–	–	(68,089)
As at 30.6.2008	47,161	30,736	840	8,681	10,478	97,896
Net book value						
As at 30.6.2008	141,483	16,978	3,381	35,314	20,957	218,113

As at 30 June 2009, the Group had motor vehicles under finance leases with a net book value of approximately S$322,239 (2008: S$288,473).

	2009 S$	2008 S$
Movements in the accumulated depreciation comprises the following:		
- Depreciation included in administrative expenses	1,189,575	1,339,505
- Depreciation included in cost of sales	1,788,054	1,678,581
- Depreciation capitalised in inventories	7,897	37,246
	2,985,526	3,055,332

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

13 Investments in Subsidiaries

(a) Investments in subsidiaries comprise:

	Company 2009 S$	Company 2008 S$
Unquoted equity shares, at cost:		
Balance at 1 July	50,858,950	14,596,160
Additional investment in subsidiaries	–	36,262,790
	50,858,950	50,858,950
Less: Impairment loss	(23,492,737)	(510,000)
Balance at 30 June	27,366,213	50,348,950

(b) The Company and the Group had the following subsidiaries as at 30 June 2009:

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective equity interest held by the Group 2009 %	Effective equity interest held by the Group 2008 %
Held by the Company				
Antig Investments Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Mid-Continent Equipment Group Pte Ltd	Investment holding and supply of equipment, tools and accessories used in the oil drilling business, distribution of tubular products, equipment and spares, provision of environmental and waste management services, fabrication and installation of control systems and testing of valve actuation	Singapore	54.35	54.35
Strike Development Pte Ltd[2]	Struck off	Singapore	–	51.00
MEG Management Services Sdn Bhd[5]	Providing management services	Malaysia	100.00	–
Green Heritage Overseas Ltd[1]	Investment holding	British Virgin Islands	100.00	100.00
Bridging Resources Ltd[1]	Investment holding	British Virgin Islands	100.00	100.00
APAC Coal Limited[8]	Investment holding and engaging in exploration and evaluation of mineral resources	Australia	56.87	56.87
Held by APAC Coal Limited				
PT Deefu Chemical Indonesia[9]	Trading in chemical materials	Indonesia	56.87	–
Held by Antig Investments Pte. Ltd.				
PT Deefu Chemical Indonesia[9]	Trading in chemical materials	Indonesia	–	72.00
Held by PT Deefu Chemical Indonesia				
PT Batubara Selaras Sapta[9]	Coal mining and marketing of coal products	Indonesia	56.87	68.40

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

13 Investments in Subsidiaries

(b) The Company and the Group had the following subsidiaries as at 30 June 2009:

Name of Company	Principal Activities	Place of Incorporation/ Business	Effective equity interest held by the Group 2009 %	2008 %
Held by Mid-Continent Equipment Group Pte Ltd				
Mid-Continent Equipment (Australia) Pty Ltd[3]	Supply of oilfield and mining equipment	Australia	54.35	54.35
Mid-Continent Enterprises, LLC[1]	Holding of warehouse property	USA	54.35	54.35
Mid-Continent Equipment, Inc.[4]	Supply of Oilfield equipment	USA	54.35	54.35
Mid-Continent Environmental Project Pte Ltd	Sale and rental of decanters and provision of environmental and waste management services	Singapore	54.35	54.35
Held by Mid-Continent Environmental Project Pte Ltd				
Plant Tech Mid-Continent Industrial Services Pte Ltd[6]	Catalyst handling and reactor maintenance; hot-tapping and allied services; and bolt tensioning services	Singapore	27.18	27.18
Held by Mid-Continent Equipment (Australia) Pty Ltd				
Tubular Leasing Australia Pty Ltd[3]	Renting or leasing drill pipes and drilling accessories	Australia	27.72	27.72
Mid-Continent Equipment NZ Limited[3]	Supply of oilfield and mining equipment	New Zealand	54.35	54.35
Held by Bridging Resources Ltd				
Songyuan Yongda Oilfields Exploration & Technology Co., Ltd	Development of oilfields and production of crude oil	The People's Republic of China	75.00	75.00

The above subsidiaries are audited by Moore Stephens LLP, Singapore except the following:

1 Not required to be audited under the laws of its country of incorporation and is considered not significant to the Group.

2 This subsidiary was struck off during the year.

3 Audited by Moore Stephens, Perth, Australia.

4 Reviewed by Hidalgo, Banfill, Zlotnik & Kermali, P.C. CPA.,USA.

5 Audited by Moore Stephens AC, Johor Bahru, Malaysia.

6 The entity is considered a subsidiary as the Group has power to govern the financial and operating policies of this entity.

7 Not audited as the subsidiary is dormant.

8 Audited by Deloitte & Touche, Perth, Australia.

9 Audited by Eddy Prakarsa Permana & Siddharta, Indonesia.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

14 Investments in Associated Companies

(a) Investments in associated companies held by subsidiaries comprise:

	Group	
	2009	**2008**
	S$	**S$**
Unquoted equity shares, at cost	22,350	22,350
Share of post-acquisition profits /(losses):		
Balance at 1 July	68,181	56,400
Profit during the year	65,777	50,891
Dividends paid	(46,203)	–
Currency realignment	4,866	(16,760)
Balance at 30 June	92,621	68,181
	114,971	90,531

The summarised financial information of associated companies are as follows:

- Assets	1,062,405	1,140,034
- Liabilities	674,639	628,619
- Revenues	1,800,428	2,257,728
- Net profit	(44,565)	51,737

(b) Details of the associated companies are as follows:

Name of Company, Country of Incorporation and Place of Business	**Principal Activities**	**Cost of Investment**		**Effective equity interest held by the Group**	
		2009	**2008**	**2009**	**2008**
		S$	**S$**	**%**	**%**
Held by Mid-Continent Equipment Group Pte Ltd					
Mohebi – Midcontinent Oilfield Supply Limited Liability Company[1] United Arab Emirates	Trading in oilfield equipment and spare parts	350	350	26.63	26.63
Held by Mid-Continent Environment Project Pte Ltd					
MEP Environmental Services Sdn Bhd[2] Malaysia	Provision of environmental and waste management services	22,000	22,000	27.18	27.18
		22,350	22,350		

1 Audited by Ernst & Young, United Arab Emirates.

2 Audited by P.S. Yap & Associates, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

15 Investments in Joint Venture Entities

The joint venture entities are held by various subsidiaries of the Company. Details of the joint venture entities are as follows:

Name of Company, Country of Incorporation and Place of Business	Principal Activities	Effective equity interest held by the Group 2009 %	2008 %
Held by Mid-Continent Equipment Group Pte Ltd			
Mid-Continent Tubular Pte Ltd [1] Singapore	Trading in oilfield tubular products and the provision of related services	27.18	27.18
Held by Mid-Continent Environmental Project Pte Ltd			
Plant Tech Mid-Continent (India) Pvt. Ltd. [2] India	Catalyst handling and reactor maintenance, hot-topping and allied services, and bolt tensioning services	27.18	27.18

1 Audited by Moore Stephens LLP, Singapore.

2 Audited by Nitin J. Shetty & Co, Chartered Accountant, India.

The subsidiary, Mid-Continent Equipment Group Pte Ltd, has a 50.0% equity interest in the above joint venture entities. The subsidiary's share of the joint venture entities, assets and liabilities which have been consolidated on a line-by-line basis are as follows:

	Group 2009 S$	Group 2008 S$
Current assets	24,394,740	25,056,331
Non-current assets	779,881	2,402,251
Current liabilities	(13,555,081)	(15,709,785)
Non-current liabilities	(119,971)	(117,643)
	11,499,569	11,631,154

The Group's share of the profit of the joint venture entities are as follows:

	Group 2009 S$	Group 2008 S$
Revenue	30,280,576	38,409,736
Profit before income tax	2,172,556	3,712,547
Income tax expense	(613,667)	(350,919)
Profit after income tax	1,558,889	3,361,628

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for the financial year ended 30 June 2009

16 Goodwill

	Group 2009 S$	Group 2008 S$
Cost		
Balance at 1 July	9,541,486	9,747,015
Reduction in goodwill subsequent to the restructuring exercise (b)	(7,971,783)	–
Fair value adjustments to the purchase consideration payable	–	124,441
Discount granted for early payment of purchase consideration	–	(329,970)
Balance at 30 June	1,569,703	9,541,486

The goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	2009 S$	2008 S$
Mid-Continent Equipment Group Pte Ltd (a)	1,569,703	1,569,703
PT Deefu Chemical Indonesia (b)	–	7,971,783
	1,569,703	9,541,486

(a) The recoverable amount of a CGU is determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and direct costs during the periods. Management estimates discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs.

Mid-Continent Equipment Group Pte Ltd prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next two years and extrapolates cash flows for the following two years based on an estimated decline of 3.5% per annum (2008: 2.0%). The rate used to discount the forecast cash flows of the CGU was 2.4% (2008: 5.7%).

Goodwill relating to PT Deefu Chamical Indonesia was written off following the restructuring exercise in relation to the listing of a subsidiary, APAC Coal Limited on the official list of the Australian Stock Exchange.

(b) On 10 July 2008, a wholly-owned subsidiary of the Company, APAC Coal Limited ("APAC") was listed on the Official List of Australian Stock Exchange Limited. With the listing of APAC, APAC acquired from another wholly-owned subsidiary of the Company, Antig Investments Pte. Ltd. ("Antig Investments"), which previously owned 72.0% of PT Deefu Chemical Indonesia ("PT Deefu"), and a minority shareholder, the entire issued share capital of PT Deefu, which also simultaneously azquired the 5.0% minority interest in PT Batubara Selaras Sapta ("PT BSS") at an aggregate consideration of A$40.0 million satisfied by the issue of 200 million new ordinary shares in APAC at A$0.20 each (the 'restructuring exercise"). Following the restructuring exercise, APAC, PT Deefu and PT BSS formed the new APAC Group. Following the listing of APAC, the Group's equity interest in APACwas diluted to approximately 56.87%.

The goodwill of S$7,971,783 arising from the previous acquisition of PT Deefu by Antig Investments was reversed following the restructuring exercise, which resulted in PT Deefu being acquired by APAC.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

17 Intangible Assets

	Group			
	Cost		Carrying Value	
	2009 S$	2008 S$	2009 S$	2008 S$
- 40% (2008: 40%) participating interest for the exploration of an area covered by the Petroleum Exploration License 101 granted under the Petroleum Act 2000 of South Australia	4,332,782	4,430,813	3,977,969	4,634,132
- Coal concession rights granted by the Government of Indonesia for a period of 30 years commencing from the date that mining operations commences, to explore, mine and extract coal from the Kuaro coal formation located at Kabupaten Pasir, East Kalimantan, Indonesia	26,420,450	41,922,813	26,420,450	36,497,508
- Exploration and evaluation expenditure incurred for the exploration and evaluation of coal of the Kuaro coal formation located at Kabupaten Pasir, East Kalimantan, Indonesia	936,699	601,703	838,941	532,741
- Oil concession rights granted by China National Petroleum Company Limited for the drilling of oil for Section 20, 35 and 46 oilfields for the remaining life of the concession of 10 years (2008: 11 years)	–	10,771,638	–	10,771,638
Currency realignment	(452,571)	(5,290,948)	–	–
Total	31,237,360	52,436,019	31,237,360	52,436,019

As at 30 June 2009, the Group has not commenced mining operations relating to the coal concession rights.

Movements in the account are as follows:

	Group	
	2009 S$	2008 S$
Balance at 1 July	52,436,019	60,824,502
Additions/adjustments:		
Coal concession rights	18,187,619	–
Exploration and development expenditure	334,996	68,820
petroleum exploration right	(98,033)	2,034,813
Oil concession rights	(1,937,304)	(1,509,098)
Total	16,487,278	594,535
Impairment loss:		
Coal concession rights	(33,689,982)	–
Oil concession rights	(8,352,022)	(2,176,865)
Total (Note 4)	(42,042,004)	(2,176,865)
Amortisation of the oil concession rights	(482,312)	(1,390,109)
Currency alignment	4,838,379	(5,416,044)
Balance at 30 June	31,237,360	52,436,019

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

17 Intangible Assets (cont'd)

The impairment loss of S$33,689,982 (2008: Nil) relates to the impairment of the coal concession rights in Kabupaten Pasir, East Kalimantan, Indonesia. This was derived based on the fair value estimated by an independent valuer, who issued an independent technical valuation report in August 2009, on the Joint Ore Reserves Committee ("JORC")-compliant resource estimate for the coal concession within an 8.9 km^2 investigation area with an indicated resource aggregating approximately 6.79 million tonnes of coal, and the remaining exploration potential of the coal concession comprising 222 km^2. The independent valuer applied the In-situ Method of valuing the mineral resources associated with the 8.9 km^2 investigation area and the Comparable Transaction Method to value the remaining exploration potential comprising 222 km^2 to estimate the fair value of the coal concession rights as at 30 June 2009.

The directors are of the view that the fair value has been conservatively estimated and the value of the coal concession rights in East Kalimantan may increase in future with further exploratory drilling of the remaining area.

The impairment loss of S$8,352,022 (2008: S$2,176,865) was made on the oil concession rights at the oilfileds in Sections 20, 35 and 46 of Songyuan City of Jilin Province due to unstable oil prices globally and unexpectedly higher rate of decline in production yields

18 Available-for-Sale Financial Assets

	Group		Company	
	2009	2008	2009	2008
	S$	S$	S$	S$
Quoted Equity Shares				
Balance at 1 July				
At cost	8,713,643	3,759,517	1,907,044	1,827,044
Fair value gain/(loss) recognised in equity	1,338,614	139,098	(465,169)	(31,419)
	10,052,257	3,898,615	1,441,875	1,795,625
Additions	1,625,880	4,532,957	652,500	80,000
Disposals	(1,273,663)	(350,026)	(401,190)	–
Reversal of fair value gain on disposal	(128,051)	(90,279)	(153,670)	–
Fair value (loss)/gain transferred to equity	(2,706,811)	1,968,999	2,686,755	(433,750)
Currency realignment	(935,334)	92,171	–	–
Balance at 30 June	6,634,278	10,052,257	4,226,250	1,441,875

19 Inventories

	Group	
	2009	2008
	S$	S$
At cost:		
Finished goods	20,496,643	17,542,245
Goods-in-transit	1,478,013	1,269,708
	21,974,656	18,811,953
At net realisable value:		
Finished goods	1,157,537	1,763,747
Work-in-progress	75,870	78,770
	1,233,407	1,842,517
	23,208,063	20,654,470
Cost of inventories included in cost of sales amounted to:	77,016,435	84,903,592

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

20 Contracts

	Group		Company	
	2009	2008	2009	2008
	S$	S$	S$	S$
Costs	5,911,671	5,505,203	5,911,671	5,505,203
Attributable losses	(199,513)	(199,513)	(199,513)	(199,513)
Less: Progress billings	(5,722,732)	(5,305,690)	(5,722,732)	(5,305,690)
	(10,574)	–	(10,574)	–

The amount of S$10,574 (2008: Nil) is included in trade and other payables (Note 24).

21 Trade and Other Receivables

	Group		Company	
	2009	2008	2009	2008
	S$	S$	S$	S$
Trade receivables	10,666,848	14,851,753	21,603	–
Less: Impairment losses	(93,928)	(134,737)	–	–
	10,572,920	14,717,016	21,603	–
Other receivables	733,772	3,799,015	515	668,247
Amount due from purchasers of disposed subsidiaries	81,181	152,556	81,181	152,556
Deposits	149,156	504,593	23,831	51,667
Prepayments	193,513	297,662	26,438	17,766
Interest receivable	38,218	282	–	282
Advances to staff	12,051	6,432	–	–
Tax recoverable	884,061	352,009	530,300	698,158
	12,664,872	19,829,565	683,868	1,588,676

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

22 Related Parties Balances

The amounts due from/(to) related parties consist of:

	Group		Company	
	2009	2008	2009	2008
	S$	S$	S$	S$
Due from:				
- Subsidiaries (non-trade)	–	–	396,260	23,907,701
- Associated companies				
- trade	55,002	21,413	–	–
- non-trade	57,956	72,205	–	–
	112,958	93,618	–	–
- Joint venture entities				
- trade	22,252	101,468	–	–
- non-trade	766,732	841,453	–	–
	788,984	942,921	–	–
- Other related parties (trade)	–	340	–	–
	901,942	1,036,879	396,260	23,907,701
Due to:				
- Joint venture entities				
- trade	(3,523,679)	(5,051,818)	–	–
- non-trade	(220)	–	–	–
	(3,523,899)	(5,051,818)	–	–
- Other related parties*				
- trade	(5,014,385)	(4,990,599)	–	–
- non-trade	–	(26,453)	–	–
	(5,014,385)	(5,017,052)	–	–
	(8,538,284)	(10,068,870)	–	–

* Refer to Note 33 for the definition of other related parties.

Trade amounts are due within normal trade credit terms. The non-trade amounts are unsecured, interest-free and repayable on demand based on cash terms.

23 Cash and Cash Equivalents

	Group		Company	
	2009	2008	2009	2008
	S$	S$	S$	S$
Cash and bank balances	7,533,739	13,282,809	2,988	3,018
Fixed deposits	16,162,817	10,323,122	–	76,119
	23,696,556	23,605,931	2,988	79,137

Fixed deposits bear interest ranging from 2.9% to 7.7% (2008: 0.7% to 7.5%) per annum.

A subsidiary's fixed deposits of S$10,992,817 (2008: S$10,147,003) are pledged as security to certain banks for credit facilities granted to various subsidiaries. The credit facilities of a subsidiary and a joint venture amounted to US$5,000,000 (2008: US$5,200,000). The unutilised portion of the credit facilities as at year end amounted to US$1,695,000 (2008: US$ 1,977,000).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

23 Cash and Cash Equivalents (cont'd)

In the financial year 2009, the remaining fixed deposits of the Group of S$5,170,000 (2008: Nil) are free from encumbrances.

In the financial year 2009, the remaining fixed deposits of the Group and the Company of S$5,170,000 (2008: S$1,606,674) are free from encumbrances.

Fixed deposits at the balance sheet date have an average maturity of up to 12 months (2008: 12 months) from the end of the financial year.

24 Trade and Other Payables

	Group		Company	
	2009	2008	2009	2008
	S$	S$	S$	S$
Trade payables	10,310,915	12,012,969	1,601	8,849
Other payables	830,088	736,969	64,331	21,555
Contracts (Note 20)	10,574	–	10,574	–
Amount payable in relation to acquisition of a subsidiary	–	1,937,304	–	–
Accrued operating expenses	640,018	1,921,817	209,646	301,261
Revenue received in advance	106,000	744,375	–	–
	11,897,595	17,353,434	286,151	331,665

25 Bank Overdrafts

The effective interest rates of the unsecured bank overdrafts ranged from 5.0% to 6.7% (2008:5.5% to 6.0%) per annum.

26 Short-term Borrowings

	Group		Company	
	2009	2008	2009	2008
	S$	S$	S$	S$
Bank borrowings	–	–	411,489	–
Bank borrowings – (i)	3,884,290	3,266,160	–	–
Bank borrowings – (ii)	168,847	206,065	–	–
	4,053,137	3,472,225	411,489	–

(i) (i) The short-term bank loan of a joint venture entity is denominated in United States Dollar and bears interest ranging from 1.0% to 5.7% (2008: 3.1% to 5.7%) per annum. This loan is secured on a letter of guarantee from a corporate shareholder of a subsidiary and a first fixed charge on its receivables and first floating charge on all its undertaking, property, assets and rights of the joint venture entity.

(ii) (ii) The short-term loan of S$168,847 (2008: S$206,065) incurred by a joint venture entity is denominated in Indian rupee, bears interest at 0.8% (2008: 0.8%) above the bank's prime lending rate, with a minimum of 12.8% (2008: 12.8%) per annum compounded monthly, repayable over 60 monthly instalments. The loan is secured by:

- a standby letter of credit from a bank in Singapore;
- a personal guarantee from the directors, guarantee from a corporate shareholder and a hypothecation of machinery of a joint venture entity in India; and
- a first floating charge on all its undertaking, other property, assets and rights of a joint venture entity in Singapore.

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for the financial year ended 30 June 2009

27 Finance Lease Obligations

	Minimum payments S$	Interest S$	Present value of payments S$
Group			
2009			
Within 1 year	58,923	(10,796)	48,127
1 year to 5 years	139,793	(9,045)	130,748
	198,716	(19,841)	178,875
2008			
Within 1 year	45,991	(5,169)	40,822
1 year to 5 years	106,448	(14,963)	91,485
	152,439	(20,132)	132,307
Company			
2009			
Within 1 year	23,655	(4,191)	19,464
1 year to 5 years	82,793	(4,415)	78,378
	106,448	(8,606)	97,842
2008			
Within 1 year	23,655	(3,325)	20,330
1 year to 5 years	106,448	(14,963)	91,485
	130,103	(18,288)	111,815

The Group's effective interest rate of the finance lease obligations ranged from 3.5% to 8.03% (2008: 6.0% to 6.6%) per annum.

28 Share Capital

	Group and Company			
	2009		2008	
	No of shares	S$	No of shares	S$
Ordinary shares issued and fully paid:				
Balance at 1 July	1,758,678,060	116,501,816	1,688,678,060	105,091,816
Issuance of 70,000,000 ordinary shares at S$0.163 each via private placement	–	–	70,000,000	11,410,000
Balance at 30 June	1,758,678,060	116,501,816	1,758,678,060	116,501,816

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

29 Reserves

	Group		Company	
	2009	2008	2009	2008
	S$	S$	S$	S$
Shared-based payment	175,866	67,798	158,969	67,798
reserve (a)	–	–	–	–
Fair value reserve (b)	(66,964)	197,556	2,067,896	(465,169)
Translation reserve (c)	(3,447,510)	(5,026,916)	–	–
Retained earnings	(74,262,729)	(35,869,399)	(88,209,032)	(40,522,516)
	(77,601,337)	(40,630,961)	(85,982,167)	(40,919,887)

Movements in reserves for the Group are set out in the consolidated statement of changes in equity.

(a) Shared-based Payment Reserve

The share–based payment option reserve relates to the share options granted to employees. Details are set out in Note 37 to the financial statements.

(b) Fair Value Reserve

The fair value reserve records the cumulative fair value change of available-for-sale financial assets until they are derecognised or impaired.

(c) Translation Reserve

The translation reserve is used to record foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency.

30 Operating Lease Commitments

The Group leases certain properties under lease agreements that are non-cancellable within a year. These leases contain renewable options and do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing. Future minimum lease payments with initial or remaining lease terms of one year or more are as follows:

	Group	
	2009	2008
	S$	S$
Within 1 year	530,037	285,307
After 1 year but not more than 5 years	81,939	161,004
	611,976	446,311

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

31 Contingent Liabilities (unsecured)

Contingent liabilities not provided for in the financial statements:

	Group		Company	
	2009	2008	2009	2008
	S$	S$	S$	S$
Letters of credit	–	182,328	–	–
Product warranty	101,500	101,500	101,500	101,500
Performance bonds indemnity	1,477,568	1,477,568	1,477,568	1,477,568
Bankers' guarantee	292,858	885,524	292,858	292,858
	1,871,926	2,646,920	1,871,926	1,871,926

32 Commitments

	Group	
	2009	2008
	S$	S$
Capital expenditure not provided for in the financial statements for commitments in respect of contracts placed	314,412	278,877

33 Related Party Transactions

The Company and the Group had the following significant related party transactions during the financial year and the effect of these transactions on the basis determined between the parties are reflected in the financial statements:

	Group	
	2009	2008
	S$	S$
Associated companies:		
- Sales	66,155	92,076
- Other services received	43,986	42,816
Joint venture entities:		
- Sales	111,499	43,451
- Purchases	(15,794,417)	(17,709,450)
- Service fee received	451,590	443,895
Other related parties		
- Purchases	(12,748,465)	(18,088,428)

Other related parties refer to enterprises in which the directors and/or shareholders of the Company, its subsidiaries, associated companies and joint venture entities have significant influence over the financial and operating decisions of the enterprises.

Outstanding balances with related parties at the balance sheet date are disclosed in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

33 Related Party Transactions (cont'd)

Key Management Personnel Compensation

	Group		Company	
	2009	**2008**	**2009**	**2008**
	S$	**S$**	**S$**	**S$**
Wages, salaries and bonuses	2,284,803	1,837,808	732,194	929,812
Pension fund contributions	31,061	67,251	16,855	32,265
Share-based payments	62,908	46,264	42,851	31,898
	2,378,772	1,951,323	791,900	993,975

34 Segment Information

Segment accounting policies are the same as the policies of the Group as described in Note 2(w) to the financial statements. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market price.

(a) *Business Segments*

The Group is organised on a worldwide basis into the following main operating segments, namely:

- Oilfield equipment supply and services
- Crude oil production

	Oilfield equipment supply and services S$	Crude oil production S$	Total Operations S$
2009			
<u>*Revenue & Results*</u>			
External revenue	96,606,129	6,794,405	103,400,534
Profit/(loss) from operations	6,959,830	(28,692,260)	(21,732,430)
Unallocated loss from operations			(31,685,405)
Finance costs			(624,336)
Finance income			633,022
Share of results of associated companies			65,777
Income tax expense			(2,759,651)
Minority interests			17,709,693
Profit attributable to shareholders			(38,393,330)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

34 Segment Information (cont'd)

(a) *Business Segments* (cont'd)

	Oilfield equipment supply and services S$	Crude oil production S$	Total Operations S$
2009			
Other Information			
Assets	58,325,817	1,890,060	60,215,877
Intangible assets	3,977,971	–	3,977,971
Unallocated assets			40,511,584
Consolidated assets			104,705,432
Liabilities	21,176,113	2,103,835	23,279,948
Unallocated liabilities			13,809,450
Consolidated liabilities			37,089,398
Capital expenditure	930,213	22,654	952,867
Unallocated Capital expenditure			225,127
Total			1,177,994
Depreciation and amortisation	1,096,873	2,294,860	3,391,733
Unallocated depreciation and amortisation			76,105
Total			3,467,838
Other non-cash items	(214,704)	27,909,733	27,695,029
Unallocated Other non-cash items			26,916,175
Total			54,611,204

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

34 Segment Information (cont'd)

(a) Business Segments (cont'd)

	Oilfield equipment supply and services S$	Crude oil production S$	Total Operations S$
2008			
Revenue & Results			
External revenue	106,503,501	11,347,124	117,850,625
Profit/(loss) from operations	11,779,398	(2,156,731)	9,622,667
Unallocated loss from operations			(2,505,157)
Finance costs			(524,475)
Finance income			550,539
Share of results of associated companies			50,891
Income tax expense			(1,245,930)
Minority interests			(5,814,695)
Profit attributable to shareholders			133,840
Other Information			
Assets	63,616,584	22,022,788	85,639,372
Intangible assets	4,634,132	10,771,638	15,405,770
Unallocated assets			60,602,197
Consolidated assets			161,647,339
Liabilities	24,728,077	3,872,791	28,600,868
Unallocated liabilities			18,494,355
Consolidated liabilities			47,095,223
Capital expenditure	1,449,565	361,594	1,811,159
Unallocated capital expenditure			216,099
Total			2,027,258
Depreciation and amortisation	1,215,668	3,120,571	4,336,239
Unallocated depreciation and amortisation			109,202
Total			4,445,441
Other non-cash items	(1,815,770)	2,330,439	514,669
Other non-cash items - unallocated			1,222,868
Total			1,737,537

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

34 Segment Information (cont'd)

(b) Geographical Segments

	Singapore S$	Australia S$	Malaysia S$	Indonesia S$	China S$	Others S$	Total S$
2009							
Revenue	30,202,799	43,645,647	7,042,228	4,189,268	7,470,471	10,850,121	103,400,534
Total Assets	50,433,196	47,991,423	92,894	1,285,354	1,890,060	3,012,505	104,705,432
Capital Expenditure	388,224	614,163	96,870	53,550	22,654	2,533	1,177,994
2008							
Revenue	32,826,160	42,152,524	2,988,516	5,522,034	11,548,283	22,813,108	117,850,625
Total Assets	50,522,121	31,035,258	–	45,257,465	32,953,226	1,879,269	161,647,339
Capital Expenditure	319,590	1,123,062	–	19,005	361,594	204,007	2,027,258

Revenue is based on the location of customers regardless of where the goods are produced. Assets and additions to property, plant and equipment are based on the location of those assets.

35 Financial Instruments

Financial risk factors

The Group's activities expose it to a variety of market risks (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Board of Directors of the Company provides guidelines for overall risk management. Management of the Group reviews and agrees on policies for managing the various financial risks.

(a) Market risk

(i) Currency risk

The currency risk of the Group arises mainly from subsidiaries operating in foreign countries, which generate revenue and incur costs denominated in foreign currencies. In addition to transactional exposures, the Group is also exposed to foreign exchange movement on its net investment in the foreign subsidiaries.

Certain of the Group's transactions are denominated in foreign currencies. As a result, the Group is exposed to movements in foreign currency exchange rates.

The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions as the Directors believe that the risks arising from fluctuations in foreign currency exchange rates are not significant, primarily with respect to the United States Dollar, Australian Dollar and Chinese Renminbi.

The Group monitors the fluctuation in exchange rates closely to ensure that the exposure to the risk is kept at minimal level.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

35 Financial Instruments (cont'd)

Financial risk factors (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Group's currency exposure based on information provided to key management is as follows:

	United States Dollar S$	Chinese Renminbi S$	Australian Dollar S$	Others S$	Total S$
Group					
2009					
Financial assets:					
Available-for-sale financial assets	–	–	1,717,397	–	1,717,397
Trade and other receivables	6,930,286	1,638,048	1,960,555	309,011	10,837,900
Related parties balances	879,690	–	–	22,252	901,942
Cash and cash equivalents	15,352,459	14,877	7,880,328	367,701	23,615,365
	23,162,435	1,652,925	11,558,280	698,964	37,072,604
Financial liabilities:					
Trade and other payables	(7,047,026)	(2,003,551)	(1,398,571)	(357,136)	(10,806,284)
Bank overdrafts	(51,882)	–	–	(3,833)	(55,715)
Related parties balances	(5,014,603)	–	(3,431,697)	(91,984)	(8,538,284)
Short-term borrowings	(3,884,290)	–	–	(168,847)	(4,053,137)
	(15,997,801)	(2,003,551)	(4,830,268)	(621,800)	(23,453,420)
Currency exposure on net financial assets/ (liabilities)	7,164,634	(350,626)	6,728,012	77,164	13,619,184
2008					
Financial assets:					
Available-for-sale financial assets	–	–	6,146,007	–	6,146,007
Trade and other receivables	13,197,902	2,386,694	939,677	546,679	17,070,952
Related parties balances	690,465	–	–	24,572	715,037
Cash and cash equivalents	4,054,231	357,350	13,811,506	311,431	18,534,518
	17,942,598	2,744,044	20,897,190	882,682	42,466,514
Financial liabilities:					
Trade and other payables	(7,952,576)	(3,872,792)	(1,874,737)	(122,034)	(13,822,139)
Bank overdrafts	(1,119,268)	–	–	–	(1,119,268)
Related parties balances	(10,068,854)	–	–	–	(10,068,854)
Short-term borrowings	(3,266,160)	–	–	(206,065)	(3,472,225)
	(22,406,858)	(3,872,792)	(1,874,737)	(328,099)	(28,482,486)
Currency exposure on net financial (liabilities)/ assets	(4,464,260)	(1,128,748)	19,022,453	554,583	13,984,028

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

35 Financial Instruments (cont'd)

Financial risk factors (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Company's currency exposure based on the information provided to management is as follows:

	United States Dollar S$	Australian Dollar S$	Others S$	Total S$
Company				
2009				
Financial assets:				
Related parties balances	10,000	228,407	–	238,407
Currency exposure	10,000	228,407	–	238,407
2008				
Financial assets:				
Trade and other receivables	–	–	152,555	152,555
Related parties balances	424,390	33,441	–	457,831
	424,390	33,441	152,555	610,386
Currency exposure	424,390	33,441	152,555	610,386

If the United States Dollar, Chinese Renminbi and Australian Dollar strengthen/weaken against the Singapore Dollar by the following percentages:

	2009 %	2008 %
United States Dollar	3.0	6.0
Chinese Renminbi	3.0	4.0
Australian Dollar	5.0	5.0

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

35 Financial Instruments (cont'd)

Financial risk factors (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

with all other variables including tax rates being held constant, the effects arising from the net financial asset/(liability) position will be as follows:

	2009		2008	
	Increase/(Decrease)			
	Profit after income tax S$	Equity S$	Profit after income tax S$	Equity S$
Group				
United States Dollar against Singapore Dollar				
- strengthened	215,000	–	(268,000)	–
- weakened	(215,000)	–	268,000	–
Chinese Renminbi against Singapore Dollar				
- strengthened	(11,000)	–	(45,000)	–
- weakened	11,000	–	45,000	–
Australian Dollar against Singapore Dollar				
- strengthened	250,000	86,000	644,000	307,000
- weakened	(250,000)	(86,000)	(644,000)	(307,000)
Company				
United States Dollar against Singapore Dollar				
- strengthened	300	–	25,000	–
- weakened	(300)	–	(25,000)	–
Australian Dollar against Singapore Dollar				
- strengthened	11,000	–	1,700	–
- weakened	(11,000)	–	(1,700)	–

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

35 Financial Instruments (cont'd)

Financial risk factors (cont'd)

(a) Market risk (cont'd)

(ii) Price risk

The Group is exposed to equity securities market risk from its investments which are classified in the consolidated balance sheet as available-for-sale financial assets. Certain of the available-for-sale financial assets are quoted equity instruments in Singapore and Australia.

If prices for equity securities listed in the following countries increase/decrease by the following percentage:

	2009 %	2008 %
Singapore	58.00*	9.00*
Australia	35.00*	40.00*

* Based on actual price movements of the shares during the year.

with all other variables including tax rate being held constant, the profit after tax and equity will increase/decrease by:

	2009 Equity S$	2008 Equity S$
Group		
Listed in Singapore:		
- increased by	3,634,000	329,000
- decreased by	(3,634,000)	(329,000)
Listed in Australia:		
- increased by	537,000	2,435,000
- decreased by	(537,000)	(2,435,000)
Company		
Listed in Singapore:		
- increased by	2,438,000	131,000
- decreased by	(2,438,000)	(131,000)

(iii) Cash flow and fair value interest rate risks

The Group has cash balances placed with reputable banks and financial institutions. Such balances are placed on varying maturities and generate interest income for the Group. The Group manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

The Group obtains additional financing through bank borrowings and leasing arrangements. Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's borrowings and leasing obligations.

The Group's borrowings at fixed rates are denominated mainly in United States Dollar. If the United States Dollar's interest rates increase/decrease by 3.0% (2008:10.0%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by S$318,509 (2008: S$124,543) as a result of higher/lower interest expense on these borrowings.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

35 Financial Instruments (cont'd)

Financial risk factors (cont'd)

(a) Market risk (cont'd)

(iii) Cash flow and fair value interest rate risks (cont'd)

The tables below set out the Group's and the Company's exposures to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

	Fixed Rates		Non-interest bearing	Total
	Less than 1 year	1 to 5 years		
	S$	S$	S$	S$
Group				
2009				
Assets				
Available-for-sale financial assets	–	–	6,634,278	6,634,278
Trade and other receivables	–	–	12,664,872	12,664,872
Related parties balances	–	–	901,942	901,942
Cash and cash equivalents	16,162,817	–	7,533,739	23,696,556
Non-financial assets	–	–	60,807,784	60,807,784
Total assets	16,162,817	–	88,542,615	104,705,432
Liabilities				
Trade and other payables	–	–	(11,897,595)	(11,897,595)
Bank overdrafts	(1,444,583)	–	–	(1,444,583)
Related parties balances	–	–	(8,538,284)	(8,538,284)
Short-term borrowings	(4,053,137)	–	–	(4,053,137)
Finance lease obligations	(48,127)	(130,748)	–	(178,875)
Non-financial liabilities	–	–	(10,976,924)	(10,976,924)
Total liabilities	(5,545,847)	(130,748)	(31,412,803)	(37,089,398)
2008				
Assets				
Available-for-sale financial assets	–	–	10,052,257	10,052,257
Trade and other receivables	–	–	19,829,565	19,829,565
Related parties balances	–	–	1,036,879	1,036,879
Cash and cash equivalents	4,707,069	5,616,053	13,282,809	23,605,931
Non-financial assets	–	–	107,122,707	107,122,707
Total assets	4,707,069	5,616,053	151,324,217	161,647,339
Liabilities				
Trade and other payables		–	(17,353,434)	(17,353,434)
Bank overdrafts	(2,645,512)	–	–	(2,645,512)
Related parties balances	–	–	(10,068,870)	(10,068,870)
Short-term borrowings	(3,266,160)	(206,065)	–	(3,472,225)
Finance lease obligations	(40,822)	(91,485)	–	(132,307)
Non-financial liabilities	–	–	(13,422,875)	(13,422,875)
Total liabilities	(5,952,494)	(297,550)	(40,845,179)	(47,095,223)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

35 Financial Instruments (cont'd)

Financial risk factors (cont'd)

(a) Market risk (cont'd)

(iii) Cash flow and fair value interest rate risks (cont'd)

	Fixed Rates		Non-interest bearing	Total
	Less than 1 year	1 to 5 years		
	S$	S$	S$	S$
Company				
2009				
Assets				
Available-for-sale financial assets	–	–	4,226,250	4,226,250
Trade and other receivables	–	–	683,868	683,868
Related parties balances	–	–	396,260	396,260
Cash and cash equivalents	–	–	2,988	2,988
Non-financial assets	–	–	27,562,433	27,562,433
Total assets	–	–	32,871,799	32,871,799
Liabilities				
Trade and other payables	–	–	(286,152)	(286,152)
Bank overdrafts	(1,388,867)	–	–	(1,388,867)
Finance lease obligations	(19,464)	(78,378)	–	(97,842)
Short-term borrowings	(411,489)	–	–	(411,489)
Non-financial liabilities	–	–	(167,800)	(167,800)
Total liabilities	(1,819,820)	(78,378)	(453,952)	(2,352,150)
2008				
Assets				
Available-for-sale financial assets	–	–	1,441,875	1,441,875
Trade and other receivables	–	–	1,588,676	1,588,676
Related parties balances	–	–	23,907,701	23,907,701
Cash and cash equivalents	76,119	–	3,018	79,137
Non-financial assets	–	–	50,567,063	50,567,063
Total assets	76,119	–	77,508,333	77,584,452
Liabilities				
Trade and other payables	–	–	(331,665)	(331,665)
Bank overdrafts	(1,526,243)	–	–	(1,526,243)
Finance lease obligations	(20,330)	(91,485)	–	(111,815)
Non-financial liabilities	–	–	(32,800)	(32,800)
Total liabilities	(1,546,573)	(91,485)	(364,465)	(2,002,523)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

35 Financial Instruments (cont'd)

Financial risk factors (cont'd)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

For trade receivables, the Group adopts the policy of dealing with customers of good financial standing and good credit rating based on professional credit reports.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The Group's and Company's major classes of financial assets are cash and cash equivalents and trade receivables.

(i) Financial assets that are neither past due nor impaired

Cash and cash equivalents that are neither past due nor impaired are mainly cash with banks with high credit ratings assigned by international credit rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables and due from related parties.

The table below is an analysis of trade receivables as at the balance sheet date:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	S$	**S$**	**S$**	**S$**
Not past due and not impaired	4,488,272	8,548,638	21,603	–
Past due but not impaired [1]	6,084,648	6,168,378	–	–
	10,572,920	14,717,016	21,603	–
Impaired trade receivables - individually assessed [2],[3]	93,928	134,737	–	–
Less: Allowance for impairment	(93,928)	(134,737)	–	–
	–	–	–	–
Trade receivables, net	10,572,920	14,717,016	21,603	–

[1] Aging of trade receivables that are past due but not impaired

- Not more than 3 months	3,637,230	4,496,243	–	–
- 3-6 months	375,472	805,457	–	–
- Over 6 months	2,071,946	866,678		
	6,084,648	6,168,378	–	–

These past due but not impaired pertains to regular customers of the Group.

[2] These amounts are stated before any allowances for impairment.

[3] These receivables are not secured by any collateral or credit enhancement.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

35 Financial Instruments (cont'd)

Financial risk factors (cont'd)

(b) Credit risk (cont'd)

(ii) Financial assets that are past due and/or impaired (cont'd)

The movement in the allowance for impairment of trade receivables is as follows:

	Group	
	2009	**2008**
	S$	**S$**
Beginning of financial year	134,737	21,555
Currency translation differences	(40,809)	(7,060)
Allowances made	–	141,301
Allowances utilized	–	(14,295)
Allowances written back	–	(6,764)
End of financial year	93,928	134,737

(c) Liquidity risk

The Group and the Company manage the liquidity risk by maintaining sufficient cash and cash equivalents and available-for-sale financial assets and having an adequate amount of committed credit facilities to enable them to meet their normal operating commitments.

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

	Less than one year	**Between one and five years**
	S$	**S$**
Group		
2009		
Trade and other payables	11,897,595	–
Bank overdrafts	1,444,583	–
Related parties balances	8,538,284	–
Short-term borrowings	4,053,137	–
Finance lease obligations	58,923	139,793
	25,992,522	139,793
2008		
Trade and other payables	17,353,434	–
Bank overdrafts	2,645,512	–
Related parties balances	10,068,870	–
Short-term borrowings	3,472,225	–
Finance lease obligations	45,991	106,448
	33,586,032	106,448

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

35 Financial Instruments (cont'd)

Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

	Less than one year S$	Between one and five years S$
Company		
2009		
Trade and other payables	286,152	–
Bank overdrafts	1,388,867	–
Short term borrowing	411,489	–
Finance lease obligations	23,655	82,793
	2,110,163	82,793
2008		
Trade and other payables	331,665	–
Bank overdrafts	1,526,243	–
Finance lease obligations	23,655	106,448
	1,881,563	106,448

As at the balance sheet date, the Group had at its disposal cash and cash equivalents amounting to approximately S$23,696,556 (2008: S$23,605,931). In addition, the Group has available short-term facilities of approximately S$4,053,137 (2008:S$3,472,225).

(d) Capital risk

The Group's objectives when managing capital are:

(i) To safeguard the Group's ability to continue as a going concern; and

(ii) To support the Group's stability and growth.

The Group actively and regularly reviews and manages its capital structure to maintain an optimal capital structure so as to maximise shareholder value, taking into consideration the future capital requirements of the Group, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy. The Group's overall strategy remains unchanged since 2008.

The Group monitors capital based on a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less cash and cash equivalents. Total capital comprises all components of total equity and net debt.

	Group		Company	
	2009 S$	2008 S$	2009 S$	2008 S$
Net debt	13,392,842	23,489,292	2,349,162	1,932,386
Total equity	67,616,034	114,552,116	30,519,649	75,581,929
Total capital	81,008,876	138,041,408	32,868,811	77,514,315
Gearing ratio	16.5%	17.0%	7.1%	2.5%

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

35 Financial Instruments (cont'd)

Financial risk factors (cont'd)

(e) Fair Value of Financial Instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair values of each class of financial instruments.

The fair values of financial assets and liabilities with a maturity of less than one year, which are primarily cash and cash equivalents, trade and other receivables, trade and other payables, bank overdrafts, short-term borrowings and related parties balances approximate their carrying amounts due to the relatively short-term maturity of these financial instruments.

The fair values of finance lease obligations are determined by discounting the relevant cash flow using the current interest rates for similar instruments at balance sheet date. There are no material differences between the fair values and carrying values.

36 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with FRS requires management to exercise judgment in the process of applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the amounts of assets within the next financial year are discussed below:

(a) Impairment of Property, Plant and Equipment and Investments in Subsidiaries

The Group assesses impairment of the above-mentioned assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss. In making this judgment, the Group evaluates the value in use which is supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

An impairment loss of S$19,012,723 (2008: Nil) was made on the property, plant and equipment in relation to those oil wells which were dry and those with very low production yields. An impairment of S$22,982,737 (2008: Nil) was made on the investment in subsidiaries which are loss making with net liability position. The carrying amount of the Group's property, plant and equipment as at 30 June 2009 was S$4,409,952 (2008: S$24,202,685). The carrying amount of the Company's investments in subsidiaries as at 30 June 2009 was S$27,366,213 (2008: S$50,348,950).

(b) Impairment of Available-for-Sale Financial Assets

The Group follows the guidance of FRS 39 (revised) Financial Instruments: Recognition and Measurement in determining when an investment is other-than-temporary impaired. This determination requires significant judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its carrying amount; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

No impairment loss of the available-for-sale financial assets has been recognised for the financial year ended 30 June 2009. The carrying amount of the Group's available-for-sale financial assets as at 30 June 2009 was S$6,634,278 (2008: S$10,052,257).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

36 Critical Accounting Estimates and Judgments (cont'd)

(c) Valuation of Petroleum Exploration Rights

The petroleum exploration rights represent the Group's contribution to the 40% (2008: 40%) participating interest in the PEL101 granted under the Petroleum Act 2000 of South Australia. In determining the appropriateness of capitalisation of the intangible asset, the directors have considered the degree to which it can be associated with finding specific economically recoverable mineral resources. As at balance sheet date, the directors considered the exploration activities are at their initial stages and have not reached a stage which permits a reasonable assessment of the existence of economically recoverable mineral resources and that substantially more evaluative work will be required. Therefore, the directors do not consider the intangible asset to be impaired as at year end. The carrying amount of the Group's petroleum exploration rights as at 30 June 2009 was S$3,977,971 (2008: S$4,634,132).

(d) Valuation of Coal Concession Rights

The fair value of coal concession rights in Kabupaten Pasir, East Kalimantan, Indonesia was estimated by an independent valuer, who issued an independent technical valuation report in August 2009. The independent valuer completed an independent Joint Ore Reserves Committee ("JORC")-compliant resource estimate for the coal concession in September 2007 within a 8.9 km^2 investigation area of the project, which indicated a resource aggregating approximately 6.79 million tonnes of coal. The independent valuer then applied the In-situ Method of valuing the mineral resources associated with the 8.9 km^2 investigation area and the Comparable Transaction Method to value the remaining exploration potential of the project comprising 222 km^2 to estimate the fair value of the coal concession rights as at 30 June 2009. An allowance for impairment relating to this coal concession rights amounting to S$33,689,982 (2008: Nil) has been recognised for the financial year ended 30 June 2009. The carrying amount of the Group's coal concession rights as at 30 June 2009 was S$26,420,450 (2008: S$36,497,508).

(e) Valuation of Oil Concession Rights

The Group determines whether the oil concession rights relating to the subsidiary Songyuan Yongda Oilfields Exploration & Technology Co., Ltd is impaired at least on an annual basis. Based on the most recent financial budget approved by management for the ensuing financial year, the Group prepares cash flow forecasts by extrapolating cash flows for the next 10 years, being the remaining life of the oil concession rights, using an annual depletion rate. This rate is determined on the assumptions that crude oil were extracted from existing producing exploration wells and there were no further capital expenditure to be incurred for the ensuing financial year. An allowance for impairment relating to this oil concession rights amounting to S$8,352,022 (2008: S$2,176,865) has been recognised for the financial year ended 30 June 2009.

The carrying amount of the Group's oil concession rights as at 30 June 2009 was Nil (2008: S$10,771,638).

(f) Valuation of Exploration and Development Expenditure for Coal Mining Activities

The exploration and development expenditure for coal mining activities are costs incurred in activities in relation to evaluating the technical feasibility and commercial viability of extracting coal in Kabupaten Pasir, East Kalimantan, Indonesia. In determining the appropriateness of capitalisation of the intangible asset, the directors have considered the degree to which it can be associated with finding specific mineral resources. As at balance sheet date, the directors considered the exploration activities are at their initial stages and have not reached a stage which permits a reasonable assessment of the existence of economically recoverable mineral resources and that substantially more evaluative work will be required. The carrying amount of the Group's exploration and development expenditure for coal mining activities as at 30 June 2009 was S$838,941 (2008: S$532,741).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

36 Critical Accounting Estimates and Judgments (cont'd)

(g) Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate present value of those cash flows. The carrying amount of the Group's goodwill as at 30 June 2009 was S$1,569,703 (2008: S$9,541,486). Details are given in Note 16 to the financial statements.

(h) Income Taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable as at 30 June 2009 was S$1,558,232 (2008: S$1,487,560).

37 Share Options

(a) Magnus Energy Employee Share Option Plan and Magnus Energy Performance Share Plan

Magnus Energy Employee Share Option Plan ("Magnus Energy ESOP") and Magnus Energy Performance Share Plan ("Magnus Energy PSP") (collectively referred to as the "Share Schemes") were approved by the shareholders at the Extraordinary General Meeting of the Company held on 19 November 2007.

The Remuneration Committee of the Company (the "RC") has been designated as the committee responsible for the administration of the Share Schemes. The members of the RC are Idris Bin Abdullah @ Das Murthy, Chin Kok Sang and Goh Boon Kok.

Under the Share Schemes, share options or awards are granted to the following persons at the absolute discretion of the RC:

(i) Group Executives who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time; and

(ii) Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

The Share Schemes are designed to reward and retain the Group Executives and Non-Executive Directors whose services are vital to the well-being and success of the Group. Under the Magnus Energy ESOP, the share options are granted to eligible participants exercisable during a certain period and at a certain price. Under the Magnus Energy PSP, share awards are granted to eligible participants. Share awards represent the right of a participant to receive fully paid ordinary shares in the capital of the Company ("Shares"), their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed vesting periods.

For discounted share options, the exercise price of each granted share option is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount shall not exceed twenty (20) per cent. of the Market Price. This Market Price is the weighted average price of the Shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") over the three consecutive trading days immediately preceding the date of grant of that option, as determined by the RC by reference to the daily official list or any other publication published by the SGX-ST.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

37 Share Options (cont'd)

(a) Magnus Energy Employee Share Option Plan and Magnus Energy Performance Share Plan (cont'd)

For non-discounted share options, the exercise price of each granted share option is set at Market Price or such higher price as may be determined by the RC in its absolute discretion.

The non-discounted share options were first granted on 4 December 2007 and accepted on 3 January 2008. The accepted non-discounted share options will be exercisable within four years on or after the first, second and third anniversary of date of the grant in the proportion of 35.0%, 35.0% and 30.0% respectively.

(b) APAC Coal Employee Share Option Plan

A subsidiary of the Group, APAC Coal Limited ("APAC") adopted APAC Coal Employee Share Option Plan ("APAC ESOP") in October 2007. In accordance with the provisions of the APAC ESOP, employees, directors and consultants may be granted options at the discretion of the directors.

The purpose of the APAC ESOP is to retain and attract skilled and experienced employees, directors and consultants and provide them with the motivation to make APAC more successful. Each APAC ESOP converts into one ordinary share of APAC on exercise. No amounts are paid or payable by the recipient on receipt of the options. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is at the sole discretion of the directors subject to the total number of outstanding options being issued under the APAC ESOP not exceeding 5.0% of APAC's issued capital at any one time.

The exercise price is calculated with reference to a formula contained within the rules governing the APAC ESOP and which rewards employees against the extent of the Company's performance on the capital markets. Where appropriate the directors have established appropriate vesting conditions to incentive employees to remain in employment of APAC.

(c) Fair value of Share Options

The fair value of the share options granted under Magnus Energy ESOP and APAC ESOP is estimated at the grant date using a Black Scholes pricing model, taking into account the terms and conditions upon which the instruments were granted.

The expected volatility is based on the movement of the underlying share price around its average share price over the expected term of the option. The directors of the Company and APAC have determined the expected period of exercise to be similar to the option life.

The following tables list the inputs to the Black Scholes pricing model for the financial year ended 30 June 2009:

	Magnus Energy ESOP		
	3.12.2009	**3.12.2010**	**3.12.2011**
Grant date share price (cents)	10	10	10
Expected volatility (%)	46.77	62.54	46.77
Exercise price (cents)	10.11	10.11	10.11
Option life (years)	1	2	3
Dividend yield	–	–	–
Risk-free interest rate (%)	2.35	2.35	2.35

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2009

37 Share Options (cont'd)

(c) Fair value of Share Options (cont'd)

	APAC ESOP	
	30.10.2010	10.7.2011
Grant date share price (cents)	5	20
Expected volatility (%)	25.00	25.00
Exercise price (cents)	50	50
Option life (years)	3	3
Dividend yield	–	–
Risk-free interest rate (%)	6.50	6.80

(d) Share Options in existence during the year

Details of unissued ordinary shares of the Group and the Company under non-discounted share options granted to eligible persons of the Company and its subsidiaries, were as follows:

	Group		Company	
	2009	2008	2009	2008
	Number of shares		Number of shares	
Balance at 1 July	13,628,635	–	7,150,000	–
Granted and accepted during the year	–	22,993,635	–	16,515,000
Lapsed during the year	–	(9,365,000)	–	(9,365,000)
Balance at 30 June	13,628,635	13,628,635	7,150,00	7,150,000

During the financial year ended 30 June 2008, 9,365,000 share options have lapsed due to the resignation of directors of the Company.

The Group recognised a total expense of S$91,170 (2008: S$82,082) arising from share options granted and accepted during the year while the Company recognised an expense of S$108,068 (2008: S$67,798) arising from non-discounted share options granted and accepted during the year.

As at 30 June 2009 and 2008, the Group and Company did not grant any share awards.

38 Comparatives

(a) Comparative figures have been reclassified to conform with the current year's presentation for the reclassification of certain expenses from distribution and selling expenses to other operating income/(expenses).

(b) Accordingly, the following financial statement line items for the year ended 30 June 2008 have been reclassified:

	Before Reclassification S$	After Reclassification S$	Effect S$
Consolidated Income Statement			
- Other operating income/(expenses)	1,259,753	1,053,764	205,989
- Distribution and selling expenses	(1,100,106)	(894,117)	205,989

39 Authorisation of Financial Statements

The financial statements for the year ended 30 June 2009 were authorised for issue in accordance with a resolution of the directors on date of the Statement by Directors.

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S LISTING MANUAL

for the financial year ended 30 June 2009

1. Auditors' remuneration

The following information relates to remuneration of the auditors during the financial year:

	Group 2009 S$	Group 2008 S$
Other fees paid/payable to		
- Other auditors*	57,309	87,258

* Include internal auditors, Messrs Horwath First Trust

2. Properties of the Group

Major properties held for investment

Location	Description	Existing Use	Tenure	Unexpired term of lease
Australia				
130 Mills Street Welshpool Western Australia	Warehouse	Commercial	Freehold	–
9 Barfield Crescent Elizabeth West, Adelaide South Australia	A single storey industrial building	Commercial	Freehold	–
Unit 8, 47 Musgrove Road Coopers Plains Queensland 4108 Australia	Terrace unit with office and warehouse building	Commercial	Freehold	–
United States of America				
5234 Brittmoore-North Road Harris County Texas 77041 (KM 449C) USA	Office / Warehouse	Commercial	Freehold	–

SHAREHOLDERS' INFORMATION

as at 23 September 2009

STATISTICS OF SHAREHOLDINGS

No. of Shares	:	1,758,678,060
Issued and fully paid-up capital	:	***S$ 116,501,816***
Class of shares	:	Ordinary share
Voting rights	:	One vote per share
Number of Treasury Shares	:	Nil

ANALYSIS OF SHAREHOLDINGS BY RANGE AS AT 23 SEPTEMBER 2009

Size of Shareholding			Number of Shareholders	%	Number of Shares	%
1	-	999	12	0.12	3,887	0.00
1,000	-	10,000	2,273	21.64	14,657,165	0.83
10,001	-	1,000,000	8,097	77.09	808,568,438	45.98
1,000,001		and above	121	1.15	935,448,570	53.19
			10,503	100.00	1,758,678,060	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Md Wira Dani Bin Abdul Daim*	–	–	338,000,000	19.219

* Deemed Interest is held under various brokerage companies

SHAREHOLDERS' INFORMATION

as at 23 September 2009

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Raffles Nominees (Pte) Ltd	204,124,950	11.61
2.	OCBC Securities Private Ltd	71,446,000	4.06
3.	DBS Vickers Securities (S) Pte Ltd	57,889,000	3.29
4.	Chng Gim Huat	50,000,000	2.84
5.	Chuan Mei Pheng	49,400,000	2.81
6.	United Overseas Bank Nominees Pte Ltd	42,929,400	2.44
7.	DBS Nominees Pte Ltd	28,206,000	1.60
8.	UOB Kay Hian Pte Ltd	21,006,000	1.19
9.	Norani @ Siti Rohani Binti Osman	20,490,000	1.17
10.	Rosley Bin Abdul Rahman	20,000,000	1.14
11.	Citibank Consumer Nominees Pte Ltd	17,235,000	0.98
12.	Kim Eng Securities Pte. Ltd.	15,261,000	0.87
13.	Low Keng Boon @ Lau Boon Sen	14,180,000	0.81
14.	OCBC Nominees Singapore Pte Ltd	12,585,310	0.72
15.	Phillip Securities Pte Ltd	11,322,040	0.64
16.	Hong Leong Finance Nominees Pte Ltd	11,010,000	0.63
7.	Citibank Nominees S'pore Pte Ltd	10,275,000	0.58
18.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	10,215,000	0.58
19.	Liau Sai Lang	9,057,000	0.51
20.	Tan Hong Huat	9,000,000	0.51
	Total	**685,631,700**	**38.98**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

To the best knowledge of the Company and the Directors and based on the Company's Register of Substantial Shareholders as at 23 September 2009, approximately 80.71% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual of the SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of MAGNUS ENERGY GROUP LTD. ("the Company") will be held at Republic of Singapore Yacht Club, Nautica II, Level 2 , 52 West Coast Ferry Road, Singapore 126887 on Thursday, 29 October 2009 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 30 June 2009 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Article 96(2) of the Articles of Association of the Company:

   Mr Goh Boon Kok **(Resolution 2)**
   Dato' Md Wira Dani Bin Abdul Daim **(Resolution 3)**

   Mr Goh Boon Kok will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees and will be considered independent.

3. To approve the payment of Directors' fees of S$96,761 for the year ended 30 June 2009 (2008: S$182,323). **(Resolution 4)**

4. To re-appoint Moore Stephens LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

   provided that:

   (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) the 50% limit in sub-paragraph (1) above may be increased to 100% for the Company to undertake pro-rata renounceable rights issues;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

(5) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] **(Resolution 6)**

7. **Authority to issue shares other than on a pro-rata basis pursuant to the aforesaid share issue mandate at discounts not exceeding twenty per centum (20%) of the weighted average price for trades done on the SGX-ST**

That subject to and pursuant to the aforesaid share issue mandate being obtained, the Directors of the Company be hereby authorised and empowered to issue shares other than on a pro-rata basis at a discount not exceeding twenty per centum (20%) to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement in relation to such shares is executed (or if not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement or subscription agreement is executed), provided that:-

(a) in exercising the authority conferred by this Resolution, the Company complies with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST); and

(b) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)] **(Resolution 7)**

8. **Authority to issue shares under the Magnus Energy Employee Share Option Plan**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant options under the Magnus Energy Employee Share Option Plan ("the Magnus ESOP") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Magnus Energy ESOP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Magnus Energy ESOP and the Magnus Energy Performance Share Plan shall not exceed five per centum (5%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iii)] **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

9. **Renewal of Share Purchase Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to five per centum (5%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Appendix to the Notice of Annual General Meeting attached, and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iv)] **(Resolution 9)**

10. **Authority to issue shares under the Magnus Energy Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to grant Awards pursuant to the Magnus Energy Performance Share Plan (the "Magnus Energy PSP") and to allot and issue and/or transfer from time to time such number of Shares as may be required to be issued pursuant to the vesting of Awards under the Magnus Energy PSP, provided that the aggregate number of Shares to be allotted and issued pursuant to the Magnus Energy ESOP and the Magnus Energy PSP shall not exceed five per centum (5%) of the total number of issued shares (excluding treasury shares) of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (v)] **(Resolution 10)**

By Order of the Board

Koh Teng Kiat
Secretary
Singapore, 14 October 2009

Explanatory Notes:

(i) The Ordinary Resolution 6 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders. The 50% limit referred to in the preceding sentence may be increased to 100% for the Company to undertake pro-rata renounceable rights issues.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue , consolidation or subdivision of shares.

The 100% renounceable pro-rata rights issue limit is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009. It will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares. It is subject to the condition that the Company makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

NOTICE OF ANNUAL GENERAL MEETING

(ii) The Ordinary Resolution 7 in item 7 above is pursuant to measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009. Under the measures implemented by the SGX-ST, issuers will be allowed to undertake non pro-rata placements of new shares priced at discounts of up to 20% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed, subject to the conditions that (a) shareholders' approval be obtained in a separate resolution (the "Resolution") at a general meeting to issue new shares on a non pro-rata basis at discount exceeding 10% but not more than 20%; and (b) that the resolution seeking a general mandate from shareholders for issuance of new shares on a non pro-rata basis is not conditional upon the Resolution.

It should be noted that under the Listing Manual of the SGX-ST, shareholders' approval is not required for placements of new shares, on a non pro-rata basis pursuant to a general mandate, at a discount of up to 10% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed.

(iii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Magnus Energy ESOP and Magnus Energy PSP up to a number not exceeding in aggregate (for the entire duration of the Magnus Energy ESOP) five per centum (5%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(iv) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to five per centum (5%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in Appendix to the Notice of Annual General Meeting attached. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial accounts of the Group for the financial year ended 30 June 2009 are set out in greater detail in Appendix to the Notice of Annual General Meeting attached.

(v) The Ordinary Resolution 10 in item 10 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards under the Magnus Energy PSP granted or to be granted under the Magnus Energy ESOP and the Magnus Energy PSP up to a number not exceeding in total (for the entire duration of the Scheme) five per centum (5%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Anson Road #33-13 International Plaza Singapore 079903 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

MAGNUS ENERGY GROUP LTD.

Company Registration No. 198301375M
(Incorporated In The Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy Magnus Energy Group Ltd.'s shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We,____

of____

being a member/members of MAGNUS ENERGY GROUP LTD. (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Republic of Singapore Yacht Club, Nautica II, Level 2, 52 West Coast Ferry Road, Singapore 126887 on Thursday, 29 October 2009 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Audited Accounts for the year ended 30 June 2009		
2.	Re-election of Mr Goh Boon Kok as a Director		
3.	Re-election of Dato' Md Wira Dani Bin Abdul Daim as a Director		
4.	Approval of Directors' fees amounting to S$96,761		
5.	Re-appointment of Moore Stephens LLP as Auditors		
6.	Authority to issue shares		
7.	Authority to issue shares up to discount of 20%		
8.	Authority to issue shares under the Magnus Energy Employee Share Option Plan		
9.	Renewal of Share Purchase Mandate		
10.	Authority to issue shares under the Magnus Energy Performance Share Plan		

Dated this __________day of__________________ 2009

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Anson Road #33-13 International Plaza Singapore 079903 not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Magnus Energy Group Ltd.

Magnus Energy Group Ltd.
10 Anson Road
#33-13, International Plaza
Singapore 079903

cre8
Tel: 63278398