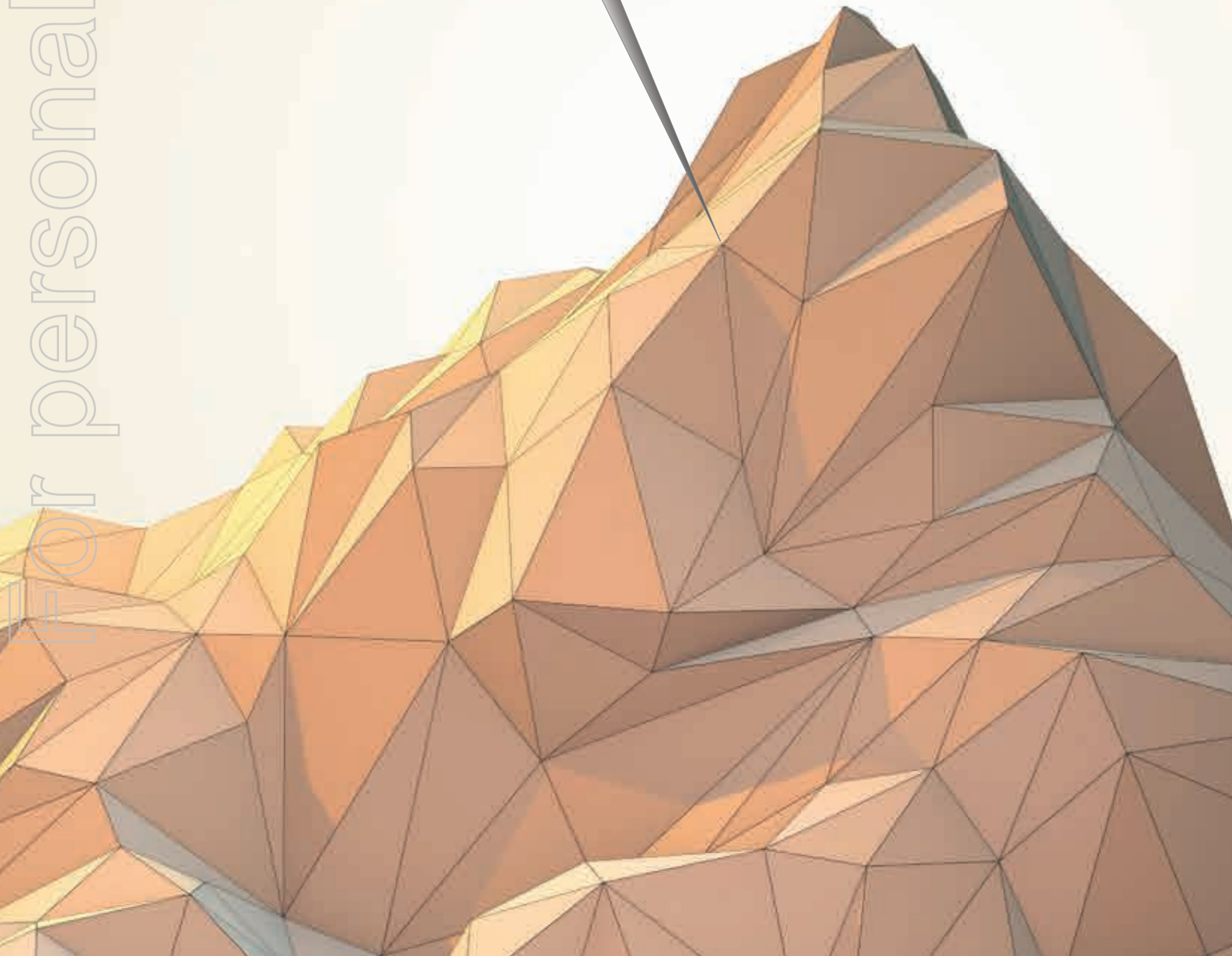




BREAKING
NEW GROUNDS
2014 ANNUAL REPORT

For personal use only



For personal use only



CONTENTS

Chairman's Statement	2
Board of Directors	3
Corporate Governance	4
Directors' Report	7
Statement by Directors	9
Independent Auditor's Report	10
Statements of Financial Position	12
Consolidated Statement of Comprehensive Income	13
Consolidated Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Financial Statements	16
Shareholding Analysis	56

CHAIRMAN'S STATEMENT

Dear Shareholders

I am pleased to present to you the second annual report of Asaplus Resources Limited (the "Company") and its subsidiaries (collectively, the "Group").

During the financial year under review, the Group completed exploration works for iron ore on the Silverstone Project and has submitted application for the mining permit to the relevant authority at the provincial level. As of the date of this Annual Report, this application is pending.

MINING TENEMENT OF THE GROUP

The Group currently has one tenement namely the Silverstone Project, a 4.83 km² tenement located on the west side of the Dai Yun mountains in Datian County, Fujian Province in the People's Republic of China. The current resource estimate of the Silverstone Project is 3,480,700 tonnes at an average grade of 41.83% in the Inferred Category.

During the financial year under review, the Group did not acquire nor dispose of any mining or prospecting tenement.

Information in this Annual Report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Peebles who is a member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists. Mr Peebles is employed by Darlington Geological Services Pty Ltd. Mr Peebles has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Peebles' report is set out in the Company's announcement on 13 May 2013.

SHARE BUY-BACK

In the financial year under review, the Company did not carry out any buy-back of its shares. As of the date of this Annual Report, the Company has not sought shareholders' approval for the buy-back of its shares.

UTILISATION OF CASH AND ASSETS

The Group's strategic objectives are to create shareholder value through conducting successful exploration programme on the Silverstone Project and, if found to be economically viable, to bring it to production, building a portfolio of iron ore assets in Datian County, and assessing, and if warranted, acquiring other iron ore projects that have potential to add value to the Company. The Company's funds are budgeted for use to achieve those business objectives. Pending deployment of funds for such purposes, the Company from time to time parks the funds in short term deposits and invests in short term investments or other manner which are in the best interests of the Company.

During the financial year under review, the Company's cash and assets were used consistently with its business objectives and in manner set out above.

ANNUAL GENERAL MEETING

The Company's second annual general meeting will be held at the time, date and place set out in the notice of annual general meeting sent to you earlier. I look seeing you there.

Yours faithfully

Ir Che Mohamed Hussein Bin Mohamed Shariff
Chairman

BOARD OF DIRECTORS

IR CHE MOHAMED HUSSEIN BIN MOHAMED SHARIFF

*(First appointed: 1 August 2012,
Last re-elected: 29 June 2013)
Independent Director, Non-Executive Chairman*

Hussein is a professional engineer educated in the United Kingdom. He studied at Loughborough University of Technology under a Malaysian government scholarship, and graduated with a BSc (Hons) degree in Civil Engineering. He is currently a member of both the Institute of Engineers Malaysia and the Board of Engineers Malaysia. Hussein has a distinguished career in public service having served in various positions in the state economic development corporation of a Malaysian state where his recent postings have been senior positions at the highest levels of management. Therefore, he brings with him more than 30 years' experience in property development, construction and technical management, including managing a state-owned large-scale granite quarry.

The Board elected to appoint Hussein as Chairman because his experience and qualification give him an effective combination of technical, engineering, management and leadership skills to discharge his duties as Chairman.

LAU ENG FOO (ANDY)

*(First appointed: 1 August 2012)
Managing Director*

Andy the founder of and driving force behind of a successful group of companies in Malaysia specialising in civil engineering construction, earthwork, and granite and iron ore extraction contracting. He has been involved in these lines of business since the early 1970's. Andy has relinquished a major portion of the day-to-day management role in the Malaysian companies to focus on his role as the Company's Executive Director to spearhead the Company's business in China.

As Managing Director, Andy will provide the entrepreneurial drive and strategic direction for the Company.

DOMINIC LIM KIAN GAM

*(First appointed: 1 August 2012,
Last re-elected: 29 June 2013)
Independent Non-executive Director*

Dominic is the Head of Loan Syndication and Distribution at Oversea-Chinese Banking Corporation Limited ("OCBC Bank"). Dominic has been in the banking industry for more than 20 years and has extensive knowledge of banking matters in the Asia-Pacific region. He has extensive experience in a wide array of lending products, ranging from structured financing and debt securitization to project and leveraged financing, and encompassing all industries and sectors. Prior to joining OCBC Bank, he was with several international investment and commercial banks.

Dominic is a business graduate from the National University of Singapore and has a MSc degree in Finance from Zicklin School of Business, Baruch College, a constituent college of City University of New York. Dominic is a member of Beta Gamma Sigma Society, an international honour society for business students, graduates and scholars founded in 1913 at the University of Wisconsin in the United States.

CORPORATE GOVERNANCE

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of all stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The responsibilities of the Board include:

- (a) Protection and enhancement of Shareholder value;
- (b) Formulation, review and approval of the objectives and strategic direction of the Company;
- (c) Approving all significant business transactions, including acquisitions, divestments and capital expenditure;
- (d) Monitoring the financial performance of the Company by reviewing and approving budgets and results;
- (e) Ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- (f) Identification of significant business risks and ensuring that such risks are adequately managed;
- (g) Reviewing the performance and remuneration of executive directors and key staff;
- (h) Establishment and maintenance of appropriate ethical standards; and
- (i) Evaluating and adopting, as appropriate, ASX Corporate Governance Council's Corporate Governance

As of the date of this annual report, the Board comprise of two independent non-executive directors, namely Che Mohamed Hussein Bin Mohamed Shariff and Dominic Lim Kian Gam, and one executive director, Lau Eng Foo (Andy). Che Mohamed Hussein Bin Mohamed Shariff acts as chair of the Board.

At present, the Board does not have a fixed number of meetings it will hold per annum. The Board meets as frequently as may be required to deal with matters arising. A record of the directors' attendance at Board meetings (either in person or by telecommunication means) held during the period under review is set out below:

Director	Date appointed	Number of Meetings	
		Held during the financial year	Attended
Che Mohamed Hussein Bin Mohamed Shariff	1 August 2012	5	5
Dominic Lim Kian Gam	1 August 2012	5	5
Lau Eng Foo (Andy)	1 August 2012	5	5

CORPORATE GOVERNANCE

As the Company is listed on ASX, it is subject to the continuous disclosure obligations under the ASX Listing Rules, the Australian Corporations Act and the Singapore Companies Act. Subject to the exceptions outlined below, the Company has adopted ASX Corporate Governance Council's Corporate Governance Principles and Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

Full copies of the Company's corporate governance policies are available for viewing or downloads on the Company's website (www.asaplusresources.com).

As the Company's activities develop in size, nature and scope, the implementation of additional corporate governance structures will be given further consideration.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the recommendations.

Recommendation Reference ASX Guideline	Disclosure of departure	Explanation for departure
2.4	A nomination committee has not been established	The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board.
3.2	A diversity policy has not been established	The Board supports workplace diversity but considers that the Company is not of a size or maturity to justify a formal diversity policy. The Company has only recently been incorporated. The Board's priority has been to ensure that its members have the appropriate level of experience and skills to manage the Company at its early stages of operation rather than focussing on gender and other diversity factors.

For personal use only

CORPORATE GOVERNANCE

4.1, 4.2, 4.3	An audit committee has not been established	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity, to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operation of the internal control systems. When performing the role of an audit committee or when the Board meets as the audit committee it will be chaired by Dominic LIM Kian Gam who has a Bachelor's degree in business and a MSc degree in finance and has relevant financial expertise.
8.1	A remuneration committee has not been established	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company and considers it more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee.

All members of the Board were appointed on 1 August 2012.

Che Mohamed Hussein Bin Mohamed Shariff and Dominic Lim Kian Gam were re-elected at the last annual general meeting held on 29 June 2013. Lau Eng Foo (Andy) is the managing director of the Company and is therefore not subject to re-election under the Company's constitution.

For personal use only

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

The Directors submit to the members the audited consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 March 2014.

1. DIRECTORS

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

Name	Particulars
IrChe Mohamed Hussein Bin Mohamed Shariff	(Independent Non-executive Director, Chairman)
LAU Eng Foo (Andy)	(Executive Director)
Dominic LIM Kian Gam	(Independent Non-executive Director)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, the Company was not a party to any arrangement of which the object was to enable the Directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate, other than as disclosed in this report.

3. DIRECTORS' INTERESTS IN SHARES

None of the Directors who held office at the end of the financial year had any interests in the shares of the Company or its related corporation, except as follows:

	Holdings registered in the name of Director or nominee		Holdings in which Director is deemed to have an interest	
	As at	As at	As at	As at
	01.04.13	31.03.2014	01.04.13	31.03.2014
IrChe Mohamed Hussein	-	-	-	-
LAU Eng Foo (Andy)	-	-	39,000,000	39,000,000
Dominic LIM Kian Gam	-	-	-	-

4. SHARE OPTIONS

During the financial year, no options were granted to take up unissued shares of the Company and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company. At the end of the financial year, there were no unissued shares of the Company under option.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

5 DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the date of incorporation, 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 a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

6 AUDITOR

MGI SINGAPORE PAC have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

LAU Eng Foo (Andy)

Executive Director

IrChe Mohamed Hussein Bin Mohamed Shariff

Independent Non-executive Chairman

Dated: 23 June 2014

For personal use only

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

We, LAU Eng Foo (Andy) and IrChe Mohamed Hussein Bin Mohamed Shariff, being two of the directors of Asaplus Resources Limited, do hereby state that, in the opinion of the directors,

- (a) the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) 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 Directors

LAU Eng Foo (Andy)

Executive Director

IrChe Mohamed Hussein Bin Mohamed Shariff

Independent Non-executive Chairman

Dated: 23 June 2014

For personal use only

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASAPLUS RESOURCES LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Asaplus Resources Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 March 2014, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for 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 true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's 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 about 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the 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.

For personal use only

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASAPLUS RESOURCES LIMITED

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014, and the results, changes in equity and cash flows of the Group for the financial year ended on that date period in accordance with Singapore Financial Reporting Standards.

Without qualifying our opinion, we draw attention to Note 6 to the financial statements. The Company did not make any adjustment for impairment of exploration, the basis for not doing so and evaluation assets and the likely impact in the event the Company's application for the Mining Permit is rejected by the relevant authorities.

And without qualifying our opinion, we draw attention to Note 8 to the financial statements. The Company did not make any adjustment for impairment of goodwill, the basis for not doing so, and the likely impact in the event the Company's application for the Mining Permit is rejected by the relevant authorities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, 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.

MGI SINGAPORE PAC

Chartered Accountants and
Public Accountant of Singapore

23 June 2014

For personal use only

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	Note	The Company		The Group	
		31.3.2014	31.3.2013	31.3.2014	31.3.2013
		\$	\$	\$	\$
Assets					
Current Assets					
Cash and cash equivalents	3	1,208	1,603	1,105,287	2,179,984
Amount due from subsidiaries	4	3,433,136	3,211,516	-	-
Other receivables	5	304,623	742,816	1,539,439	758,086
		<u>3,738,967</u>	<u>3,955,935</u>	<u>2,644,726</u>	<u>2,938,070</u>
Non-Current Assets					
Plant and equipment	7	-	-	228,156	95,044
Exploration and evaluation assets	6	-	-	951,229	672,432
Goodwill	8	-	-	9,988,661	9,988,661
Investment in subsidiaries	9	10,001,719	10,000,291	-	-
Total non-current assets		<u>10,001,719</u>	<u>10,000,291</u>	<u>11,168,046</u>	<u>10,756,137</u>
TOTAL ASSETS		<u>13,740,686</u>	<u>13,956,226</u>	<u>13,812,772</u>	<u>13,694,207</u>
Equity					
Share capital	10	14,057,100	14,057,100	14,057,100	14,057,100
Accumulated loss		(476,981)	(235,252)	(912,083)	(435,688)
Foreign currency translation reserve		-	-	393,717	(38,938)
Total equity		<u>13,580,119</u>	<u>13,821,848</u>	<u>13,538,734</u>	<u>13,582,474</u>
Liabilities					
Current Liabilities					
Other payables	11	117,754	108,378	264,366	111,733
Provision for tax		-	-	9,672	-
Amount due to subsidiary	4	42,813	26,000	-	-
Total liabilities/current liabilities		<u>160,567</u>	<u>134,378</u>	<u>274,038</u>	<u>111,733</u>
TOTAL EQUITY AND LIABILITIES		<u>13,740,686</u>	<u>13,956,226</u>	<u>13,812,772</u>	<u>13,694,207</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Note	From 1.04.13 to 31.3.2014 \$	From 24.04.12 to 31.3.2013 \$
Revenue	12	3,134,817	-
Cost of sales		<u>(2,986,420)</u>	-
Gross profit		148,397	-
Other income	13	22,179	40,360
Selling and distribution expenses		(65,399)	-
Administrative expenses		(362,699)	(476,048)
Other expenses		<u>(199,710)</u>	-
Loss before tax	14	(457,232)	(435,688)
Income tax expense	16	<u>(19,163)</u>	-
Loss for the financial year attributable to members of the parent entity		(476,395)	(435,688)
Exchange differences on translation of foreign controlled entities		<u>432,655</u>	(38,938)
Total Comprehensive (Loss) For The Financial Year/ (Period) Attributable To The Parent Entity		<u>(43,740)</u>	<u>(474,626)</u>
Loss Per Share			
Basic Loss Per Share (cents)	17	(0.54)	(0.63)
Diluted Loss Per Share (cents)	17	<u>(0.54)</u>	<u>(0.63)</u>

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

For personal use only

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Note	Share capital \$	Accumulated loss \$	Foreign currency translation reserve \$	Total equity \$
At 24.04.2012 (Date of incorporation)		2	-	-	2
Issue of shares		14,564,998	-	-	14,564,998
Capital raising cost		(507,900)	-	-	(507,900)
Loss for the period		-	(435,688)	-	(435,688)
Other comprehensive income for the period		-	-	(38,938)	(38,938)
Balance at 31.03.2013	10	<u>14,057,100</u>	<u>(435,688)</u>	<u>(38,938)</u>	<u>13,582,474</u>
	Note	Share capital \$	Accumulated loss \$	Foreign currency translation reserve \$	Total equity \$
At 1.04.2013		14,057,100	(435,688)	(38,938)	13,582,474
Loss for the year		-	(476,395)	-	(476,395)
Other comprehensive income for the year		-	-	432,655	432,655
Balance at 31.03.2014	10	<u>14,057,100</u>	<u>(912,083)</u>	<u>393,717</u>	<u>13,538,734</u>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	Note	From 1.04.13 to 31.3.2014 \$	From 24.04.12 to 31.3.2013 \$
Cash flow from operating activities			
Loss before taxation		(457,232)	(435,688)
Adjustments for:			
Depreciation of plant and equipment	7	28,568	7,725
Unrealised foreign exchange gain/(loss)		417,915	(38,378)
Operating cash flow before working capital changes		(10,749)	(466,341)
(Increase) in other receivables		(781,353)	(758,086)
Increase in other payables		152,633	111,733
Cash from operation		(639,469)	(1,112,694)
Tax paid		(9,491)	-
Net cash (used in) operating activities		(648,960)	(1,112,694)
Cash flows from investing activities			
Exploration expenditure		(278,797)	(672,432)
Purchases of plant and equipment	7	(146,940)	(103,329)
Net cash inflow from acquisition of subsidiaries		-	11,339
Net cash (used in) investing activities		(425,737)	(764,422)
Cash flow from financing activities			
Proceeds from issuance of shares		-	4,565,000
Share raising cost		-	(507,900)
Net cash from financing activities		-	4,057,100
Net (decrease)/increase in cash and bank balances		(1,074,697)	2,179,984
Cash and cash equivalents at the beginning of the year/period		2,179,984	-
Cash and cash equivalents at the end of the year/period	3	1,105,287	2,179,984

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

1. CORPORATE INFORMATION

The financial statements of the Company and of the Group for the year ended 31 March 2014 were authorised for issue in accordance with a resolution of the Directors on the date of the Statement by Directors.

Asaplus Resources Limited is the Group's ultimate parent company. The Company was incorporated under the laws of Singapore as a public company limited by shares on 24 April 2012 and was registered as a foreign company in Australia on 22 June 2012.

The Company was listed on the Australian Securities Exchange on 16 November 2012. The registered office of the Company in Singapore is located at 21 Bukit Batok Crescent, #15-74 WCEGA Tower, Singapore 658065.

The principal activities of the Company are the exploration, mining and marketing of iron ore.

The Company had remained dormant since it was incorporated on 24 April 2012 till the date of this report.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements are presented in Australian Dollars which is the Company's functional currency. All financial information is presented in Australian Dollars, unless otherwise stated.

Significant accounting estimates and judgments

The preparation of the financial statements in conformity with IFRS requires the use of judgments, 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 revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used or areas involving a high degree of judgment are described below.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Critical assumptions used and accounting estimates in applying accounting policies

Depreciation of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over their economic useful lives estimated to be within 3-5 years, net of residual value. These are common life expectancies applied in the industry. The carrying amount of the plant and equipment at 31 March 2014 was \$228,156 (2013:\$95,044). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation could be revised.

Carrying value of non-current assets

Non-current assets are carried at cost less accumulated depreciation. These carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. No impairment indicators existed at 31 March 2014 and therefore an impairment test was not performed.

Exploration and evaluation expenditure

The Group has capitalized expenditure relating to exploration and evaluation of the Silverstone Project located on the west side of the Dai Yun mountains in Datian County, Fujian Province in the People's Republic of China ("PRC"). The Group has assessed that the capitalized expenditure will be recoverable through the project's successful development. Such capitalized expenditure at reporting date is \$951,229 (2013:\$672,432).

Impairment of goodwill

The goodwill comprises the value of exploration licence to the Silverstone Iron Ore project held by Datian Silverstone Mining Co., Ltd.

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and amended FRSs

The Company has adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for financial periods beginning on or after 1 April 2013. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company and the Group except as discussed below:

2.3 FRS not yet effective

<u>Reference</u>	<u>Description</u>	<u>Effective date (annual periods beginning on or after)</u>
Revised FRS 27	Separate Financial Statements	1 January 2014
Revised FRS 28	Investments in Associates and Joint Ventures	1 January 2014
FRS 110	Consolidated Financial Statement	1 January 2014
FRS 111	Joint Arrangements	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014

Except for FRS 111, Revised FRS 28 and FRS 112, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 111, Revised FRS 28 and FRS 112 are described below.

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operations is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 FRS not yet effective (Continued)

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures (Continued)

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a Separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Company currently applies proportionate consolidation for its joint ventures. Upon adoption of FRS 111, the Company expects the change to equity accounting for these joint ventures will result in decrease in total assets and total liabilities.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 Disclosure of interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Company when applied in 2014.

2.4 Summary of significant accounting policies

Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial period. Information on the Company's subsidiaries is given in Note 9.

Subsidiaries are entities (including special purpose entities) over which the Company has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

Consolidation (Continued)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets-Goodwill" for the subsequent accounting policy on goodwill.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether there is control.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group.

Intangible assets

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the Directors, no further future economic benefits are expected to arise.

Goodwill

Goodwill arising on an acquisition of a subsidiary is subject to impairment testing.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent from those of other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflow independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

Intangible assets (Continued)

Goodwill (Continued)

An impairment loss is recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below the higher of its individual fair value less cost to sell, or value-in-use, if determinable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to its present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

An impairment loss on goodwill is not reversed in subsequent periods whilst an impairment loss on other assets is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses recognised in an interim period in respect of goodwill is not reversed in a subsequent period.

Exploration and evaluation costs

Exploration and evaluation costs relate to Exploration Licence in relation to the Silverstone Project acquired and exploration and evaluation expenditures capitalized in the Silverstone Project that is at the exploration stage.

Exploration and evaluation assets are initially recognised at cost. Subsequent to initial recognition, they are stated at cost less any accumulated impairment losses.

Exploration and evaluation expenditures comprises costs which are directly attributable to acquisition, surveying, geological, geochemical and geophysical, exploratory drilling; land maintenance, sampling, and assessing technical feasibility and commercial viability in relation to the Silverstone Project.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

Exploration and evaluation costs (Continued)

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with IAS 36 "Impairment of Assets" whenever one of the following events or changes in facts and circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- (a) the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be recovered;
- (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or
- (d) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilizing the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

	<u>Years</u>
Computer	3
Office equipment	3
Furniture and fittings	5
Motor vehicle	4

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for 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 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

Plant and equipment (Continued)

Subsequent expenditure relating to plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial period in which it is incurred.

For acquisitions and disposals during the financial period, depreciation is provided from the month of acquisition to the month before disposal. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods and useful lives are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through the profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through the profit or loss is not revocable.

All financial assets are recognised on their trade date—the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through the profit or loss, which are recognised at fair value.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in the profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

Financial assets (Continued)

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 arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write back is recognised in the profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of reporting period.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the profit or loss for the period.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in the profit or loss even though the financial asset has not been derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

Financial assets (Continued)

Available-for-sale financial assets (Continued)

The amount of the cumulative loss that is removed from equity and recognised in the profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss.

Impairment losses recognised in the profit or loss for equity investments classified as available-for-sale are not subsequently reversed through the profit or loss.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty or probable bankruptcy of the investee;
- a breach of contract;
- changes in the political or legal environment affecting the investee's business;
- changes in the investee's condition evidenced by changes in factors such as liquidity, credit ratings, profitability, cash flows, debt/equity ratio and level of dividend payments; and
- whether there has been a significant or prolonged decline in the fair value below cost.

Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents include cash at bank and balances on hand, demand deposits with banks and highly liquid investments with original maturities of 3 months or less which are readily convertible to cash and which are subject to an insignificant risk of changes in value.

Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

- (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Other payables

Other payables are initially measured at fair value, and subsequently measured at amortised costs, using the effective interest method.

Provisions and contingent liabilities

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

Financial liabilities (Continued)

Provisions and contingent liabilities (Continued)

Contingent liabilities are not recognised in the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably measured. Contingent liabilities are recognised in the course of the allocation of the purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

Income tax

Current income tax

Current income tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in the profit or loss except to the extent that the tax related to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not act fair value through profit or loss, directly attributable transaction costs.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

Income tax (Continued)

Deferred tax (Continued)

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in the transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of deferred income tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

Income tax (Continued)

Deferred tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Employee benefits

Defined contribution plan

Retirement benefits to employees are provided through defined contribution plans, as provided by the laws of the countries in which it has operations. The Singapore incorporated companies in the Group contribute to the Central Provident Fund ("CPF"). Such contribution are charged as an expense as the contributions are paid or become payable.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme.

These contributions are charged to the profit or loss in the period to which the contributions relate. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain general managers are considered key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

Related parties

For the purpose of these financial statements, a party is considered to be related to the Group if:

- (a) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (b) the Group and the party are subject to common control;
- (c) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (d) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (e) the party is a close family member of a party referred to in (a) or is an entity under the control, joint control or significant influence of such individuals; or
- (f) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Impairment of non-financial assets

The carrying amounts of the Company's and the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

Impairment of non-financial assets (Continued)

An impairment loss is recognised for the amount by which the assets or cash-generating units' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill, an impairment loss is

- reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting period.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (Continued)

Functional currencies

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Australian Dollars, which is also the functional currency of the Company.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences 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 end of reporting period are recognised in the profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.

Group entities

The results and financial position of all the entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the end of reporting period;
- (ii) Income and expenses are translated at average exchange rates; and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the end of reporting period.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

3. CASH AND CASH EQUIVALENTS

	The Company		The Group	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash and cash at bank	1,208	1,603	1,105,287	1,263,784
Short-term fixed deposits	-	-	-	916,200
	1,208	1,603	1,105,287	2,179,984

Short-term deposits have an average maturity of 3 months from the end of the financial period with the weighted average effective interest rate of 0.74%.

Cash and cash equivalents are denominated in the following currencies:

	The Company		The Group	
	2014	2013	2014	2013
	\$	\$	\$	\$
Australian Dollar	1,081	1,368	213,308	2,049
Chinese Renminbi	-	-	889,207	2,177,614
Hong Kong Dollar	-	-	2,645	86
Singapore Dollar	127	235	127	235
	1,208	1,603	1,105,287	2,179,984

The Chinese Renminbi is not freely convertible into other foreign currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

4. AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts due from/to subsidiaries are non-trade, interest-free, unsecured, repayable on demand and denominated in Chinese Renminbi.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

5. OTHER RECEIVABLES

	The Company		The Group	
	2014	2013	2014	2013
	\$	\$	\$	\$
Other receivables-third parties	248,885	679,012	248,885	679,012
Other receivables – related parties*	–	22,162	–	22,162
Prepayment – related parties	43,824	41,642	50,840	41,642
Prepayment – third parties	11,914	–	1,239,714	15,270
	304,623	742,816	1,539,439	758,086

* Other receivables from related party are interest-free, unsecured and repayable on demand.

Other receivables are denominated in the following currencies:

	The Company		The Group	
	2014	2013	2014	2013
	\$	\$	\$	\$
Australian Dollar	260,799	701,174	260,799	701,174
Chinese Renminbi	–	41,642	1,234,816	41,642
Singapore Dollar	43,824	–	43,824	15,270
	304,623	742,816	1,539,439	758,086

6. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets comprise the cost of obtained Exploration Licence in relation to the Silverstone Project and related cost of search for mineral resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource.

The group	2014	2013
	\$	\$
Balance at beginning of the period	672,432	–
– Expenditure incurred in the year	177,918	672,432
– Foreign exchange differences	100,879	–
Total exploration and evaluation expenditure	951,229	672,432

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

As disclosed in Note 2 above, the carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with IAS 36 "Impairment of Assets". In particular, the Company considered whether one of the following events or changes in facts and circumstances (each an "Adverse Event") has occurred which indicate that the carrying amount may not be recoverable:

- (a) the period for which the Group has the right to explore in the Silverstone Project area has expired during the period or will expire in the near future, and is not expected to be recovered;
- (b) substantive expenditure on further exploration for and evaluation of mineral resources in the Silverstone Project area is neither budgeted nor planned;
- (c) exploration for and evaluation of mineral resources in the Silverstone Project area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the Silverstone Project area; or
- (d) sufficient data exists to indicate that, although a development in the Silverstone Project area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

As of balance sheet date, the current planned exploration works for iron ore in the Silverstone Project has been completed, and the detailed exploration report for iron ore resources at the Silverstone Project (the "Detailed Exploration Report") has been submitted to the Fujian Provincial Land and Resources Assessment Field Investigation Centre (the "Field Investigation Centre") which is an integral and important part of the application for the Mining Permit. The Field Investigation Centre completed detailed on-site assessment of the contents reported in the Detailed Exploration Report, and had provided the Company with feedback and comments thereon. Based on their feedback and comments, the Company carried out some minor additional works and made amendments to the Detailed Exploration Report. The Company submitted the amended Detailed Exploration Report (incorporating the feedback and comments received) for final approval.

While the Company has not received final approval from the Field Investigation Centre, or the Mining Permit, the Company has not made any adjustment for impairment of exploration and mining asset because the application for the Mining Permit is still pending with the relevant authorities and that an Adverse Event has not occurred. If however the Company's application for the Mining Permit is rejected by the relevant authorities, then the exploration and evaluation assets may have to be fully impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

7. PLANT AND EQUIPMENT

The Group	Computer \$	Office Equipment \$	Furniture and Fittings \$	Motor vehicle \$	Total \$
COST:					
As at 24.04.2012					
(date of incorporation)	-	-	-	-	-
Additions	3,402	396	7,789	91,742	103,329
Exchange realignment	(20)	(1)	(46)	(538)	(605)
As at 31.03.2013	3,382	395	7,743	91,204	102,724
Additions	1,112	2,146	-	143,682	146,940
Exchange realignment	508	69	1,152	14,300	16,029
As at 31.03.2014	5,002	2,610	8,895	249,186	265,693
ACCUMULATED DEPRECIATION:					
As at 24.04.2012					
(date of incorporation)	-	-	-	-	-
Depreciation for the period	180	33	246	7,266	7,725
Exchange realignment	(1)	-	(1)	(43)	(45)
As at 31.03.2013	179	33	245	7,223	7,680
Depreciation for the year	1,530	596	1,678	24,764	28,568
Exchange realignment	35	8	44	1,202	1,289
As at 31.03.2014	1,744	637	1,967	33,189	37,537
CARRYING VALUE:					
As at 31.03.2014	3,258	1,973	6,928	215,997	228,156
As at 31.03.2013	3,203	362	7,498	83,981	95,044

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

8. GOODWILL

	2014	2013
	\$	\$
Goodwill	<u>9,988,661</u>	<u>9,988,661</u>

The goodwill comprises the value of Exploration Licence to the Silverstone Project held by Datian Silverstone Mining Co., Ltd, which is a wholly-owned subsidiary within the Yong Heng Group.

Goodwill is allocated to cash-generating units which are based on the Group's reporting segments:

	2014	2013
	\$	\$
Mining	<u>9,988,661</u>	<u>9,988,661</u>

As disclosed in Note 2 above, goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. In considering whether to make any provision for impairment of goodwill, the Company will consider the detailed factors set out in Note 6 above.

While the Silverstone Project is not generating cash flows largely independent from other assets, the Company has not made any adjustment for impairment of goodwill because the application for the Mining Permit is still pending with the relevant authorities and that an Adverse Event has not occurred. If however the Company's application for the Mining Permit is rejected by the relevant authorities, then the goodwill may have to be fully impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

9. INVESTMENT IN SUBSIDIARIES

The Company	2014	2013
	\$	\$
Unquoted equity investments, at cost	10,001,719	10,000,291

The consolidated financial statements include the financial statements of Asaplus Resources Limited and its subsidiaries listed in the following table.

Name of subsidiary	Principal activities	Country of incorporation and business	Effective equity held by the Group		Cost of investment by the Company	
			2014	2013	2014	2013
			%	%	\$	\$
Held by the Company						
Yong Heng Investment Limited ("Yong Heng")	Investment holding	Hong Kong	100	100	10,000,291	10,000,291
Asaplus Ventures Limited ("Ventures")	Consulting services	Hong Kong	100	100	1,428	-
Held by Ventures						
Xiamen Rongyao Xuhui Investment Consulting Co., Ltd	Consulting services	China	100	100	-	-
Held by Yong Heng						
Yinzhou Consulting Co., Ltd ("Yinzhou")	Consulting services	China	100	100	-	-
Held by Yinzhou						
Datian Huixiang Investments Consulting Co., Ltd ("DHIC")	Consulting services	China	100	100	-	-
Held through DHIC						
Datian Silverstone Mining Co., Ltd ("DSM")	Exploration, mining and marketing of iron ore	China	100	100	-	-
					10,001,719	10,000,291

Note: The all subsidiaries of the Company are audited by MGI Singapore PAC.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

10. SHARE CAPITAL

	The Group			
	2014		2013	
	Number of shares	\$	Number of shares	\$
Issued and fully paid:	88,000,000	14,057,100	88,000,000	14,057,100

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

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

11. OTHER PAYABLES

	The Company		The Group	
	2014	2013	2014	2013
	\$	\$	\$	\$
Amount due to directors	38,885	31,048	91,505	33,792
Other payables-third parties	-	-	93,992	-
Accruals	78,869	77,330	78,869	77,941
	117,754	108,378	264,366	111,733

* Amount due to directors are non-trade in nature, unsecured, interest-free and repayable on demand.

Other payables are denominated in the following currencies:

	The Company		The Group	
	2014	2013	2014	2013
	\$	\$	\$	\$
Australian Dollar	117,754	30,738	117,754	33,481
Chinese Renminbi	-	-	146,612	612
Singapore Dollar	-	77,640	-	77,640
	117,754	108,378	264,366	111,733

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

12. REVENUE

	The Group	
	2014	2013
	\$	\$
Sale of goods	3,060,461	-
Consulting services	74,356	-
	3,134,817	-

The revenue represent the invoiced value of goods sold and consulting services provided, net of discounts and sales taxes.

13. OTHER INCOME

	The Group	
	2014	2013
	\$	\$
Gain on foreign exchange	21	-
Interest income	15,810	1,960
Sundry income	6,348	38,400
	22,179	40,360

14. LOSS BEFORE INCOME TAX

	The Group	
	2014	2013
	\$	\$
Loss before tax has been arrived at after charging:		
Employee benefit expense (note 15)	205,530	138,317
Initial listing fee and pro-rata annual listing fee	-	70,444
Depreciation of plant and equipment	28,568	7,725

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

15. EMPLOYEE BENEFITS EXPENSE

	The Group	
	2014	2013
	\$	\$
Employee benefit expense (including key management personnel)		
– Salaries and bonus	140,145	59,013
– Other benefits	15,645	1,974
– Directors' fee	49,740	77,330
	205,530	138,317

16. INCOME TAX EXPENSE

	The Group	
	2014	2013
	\$	\$
Current tax for the financial period	19,163	–

Provision for enterprise income tax of the subsidiaries operating in the PRC is made in accordance with the Income Tax Law of the PRC concerning Foreign Investment Enterprises and Foreign Enterprises and various local income tax laws.

Taxation has been provided at the appropriate tax rates prevailing in Singapore, Hong Kong and the PRC in which the Group operates on the estimated assessable profits for the financial year. These rates generally range from 16.50% to 25% for the reporting year.

The reconciliation of income tax expense applicable to the loss before income tax at applicable income tax rates to the income tax expense for the reporting year is as follows:

	The Group	
	2014	2013
	\$	\$
Loss before income tax	(457,232)	(435,688)
Tax at applicable tax rates	(94,558)	(90,063)
Tax effect of non-taxable revenue	(1,564)	(10,010)
Tax effect of non-deductible expenses	19,632	100,073
Deferred tax asset not recognised	95,653	–
Tax for the financial period	19,163	–

No deferred tax has been provided, as the Group did not have any significant temporary differences which gave rise to a deferred tax asset or liability at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

17. LOSS PER SHARE

The Group

The loss per share is calculated based on the consolidated losses attributable to owners of the parent divided by the weighted average number of shares on issue of shares during the financial year.

The following table reflects the profit or loss and share data used in the computation of basic and diluted loss per share from continuing operations for the financial year ended 31 March:

	The Group	
	2014	2013
	\$	\$
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	88,000,000	68,958,333
Effect of dilutive potential ordinary shares:		
Share options	-	-
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	<u>88,000,000</u>	<u>68,958,333</u>

Loss figures are calculated as follows:

	The Group	
	2014	2013
	\$	\$
Loss for the purpose of calculating basic and diluted loss per share	<u>(476,395)</u>	<u>(435,688)</u>

18. DIVIDENDS

During the current financial year, no dividend was proposed declared or paid.

19. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to AUD equivalent) for the translation of foreign currency balances at the statement of financial position date are as follows:

	The Group	
	2014	2013
	\$	\$
Chinese Renminbi	0.1754	0.1527
Hong Kong Dollar	0.1393	0.1236
Singapore Dollar	<u>0.8582</u>	<u>0.7733</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

20. AUDITORS' REMUNERATION

	The Group	
	2014	2013
	\$	\$
Audit Services – MGI Singapore PAC	<u>17,164</u>	<u>7,000</u>

21. RELATED PARTY TRANSACTIONS

The Group has entered into a related party transaction with an entity in which a director of the Company's subsidiary has an interest in. The following amount is the transaction with the related party based upon commercial arm's length terms and conditions:

	The Group	
	2014	2013
	\$	\$
Business process outsourcing fee paid to a company in which a director of the Company's subsidiary has interest	<u>70,223</u>	<u>24,508</u>

The above transaction between related parties is on normal commercial terms.

Save as disclosed herein, the Group has no other related party transaction with its Directors, key management, or with entities which its Directors and/or key management have significant financial interest.

22. SEGMENT REPORTING

The Group identifies its operating segments based on the regular internal financial information reported to the executive Directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive Directors are determined following the Group's major products and services. The Group has identified the following reportable segments:

Mining – exploration and mining of iron ore

Trading and consulting service – trading of copper strips and providing consulting service

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

22. SEGMENT REPORTING (CONTINUED)**(a) Segment results, assets and liabilities**

	Mining	Trading and consulting service	Others*	Total
From 01.04.2013 to 31.03.2014	\$	\$	\$	\$
Revenue				
From external customers	-	3,134,817	-	3,134,817
From other segments	-	-	-	-
Segment revenues	<u>-</u>	<u>3,134,817</u>	<u>-</u>	<u>3,134,817</u>
Segment operating (loss)/profit before tax	<u>(280,690)</u>	<u>82,909</u>	<u>(259,451)</u>	<u>(457,232)</u>
Segment assets	<u>11,466,778</u>	<u>2,768,127</u>	<u>17,232,276</u>	<u>31,467,181</u>
Segment liabilities	<u>1,643,016</u>	<u>68,035</u>	<u>2,948,785</u>	<u>4,659,836</u>
	Mining	Trading and consulting service	Others*	Total
From 21.04.2012 (date of incorporation) to 31.03.2013	\$	\$	\$	\$
Revenue				
From external customers	-	-	-	-
From other segments	-	-	-	-
Segment revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Segment operating (loss)/profit before tax	<u>(173,550)</u>	<u>(20,558)</u>	<u>(241,580)</u>	<u>(435,688)</u>
Segment assets	<u>11,902,871</u>	<u>2,300,777</u>	<u>16,327,848</u>	<u>30,531,496</u>
Segment liabilities	<u>2,075,084</u>	<u>-</u>	<u>2,495,764</u>	<u>4,570,848</u>

* Others relate to the corporate activities of the Company as well as the other operating segments that are not reportable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

22. SEGMENT REPORTING (CONTINUED)

- (b) Reconciliations of reportable segment profit or loss, assets and liabilities to its consolidated financial statement:

(Loss) before taxation

	From 01.04.2013 to 31.03.2014 \$	From 24.04.2012 (date of incorporation) to 31.03.2014 \$
Reportable segment loss before taxation	(457,232)	(435,688)
Unallocated income	-	-
	<u>(457,232)</u>	<u>(435,688)</u>

Assets

	From 01.04.2013 to 31.03.2014 \$	From 24.04.2012 (date of incorporation) to 31.03.2014 \$
Segment assets	31,467,181	30,531,496
Elimination of inter-segment assets	(17,654,409)	(16,837,289)
Consolidated assets	<u>13,812,772</u>	<u>13,694,207</u>

Liabilities

	From 01.04.2013 to 31.03.2014 \$	From 24.04.2012 (date of incorporation) to 31.03.2014 \$
Segment liabilities	4,659,836	4,570,848
Elimination of inter-segment liabilities	(4,385,798)	(4,459,115)
Consolidated liabilities	<u>274,038</u>	<u>111,733</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

23. INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

KMP Remuneration

The total remuneration paid to KMP of the Company and the Group during the year is as follows:

	The Group	
	2014	2013
	\$	\$
Short-term employee benefits:		
– Salaries and bonus	38,234	23,040
– Directors' fee	49,740	77,330
	87,974	100,370

KMP Shareholdings

The number of ordinary shares in Asaplus Resources Limited held by each KMP of the Group during the financial year is as follows:

	Balance as at 01.04.2013	Disposed during the year	Acquired during the year	Balance as at 31.03.2014
The Group				
Ir Che Mohamed Hussein ¹	–	–	–	–
LAU Eng Foo (Andy) ²	–	–	–	–
Dominic Lim Kian Gam	–	–	–	–
Qiu Changsheng	–	–	–	–
Hong Xusheng ²	–	–	–	–
Loy Wei Choo, Joseph	–	–	–	–

Note 1 – An adult and financially independent son of Ir Che Mohamed Hussein, namely Mr Mohamed Ilyia Anwar, owns 880,000 Shares for his own benefit. Ir Che Mohamed Hussein does not have any interest, pecuniary or otherwise, in these shares held by Mr Mohamed Ilyia Anwar. Mr Mohamed Ilyia Anwar has entered into an escrow arrangement to restrict dealings in these 880,000 Shares owned by him for a period of two years from Quotation Date.

Note 2 – LAU Eng Foo (Andy) has a deemed interest in the 39,000,000 Shares held by Asaplus International Limited by virtue of his 37.5% shareholding in Asaplus International Limited. The other shareholders of Asaplus International Limited are Mr HONG Xusheng (25%) and Madam TAN Wil Lian (37.5%). LAU Eng Foo (Andy) is also a director of Asaplus International Limited, the other being Mr HONG Xusheng.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

23. INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

KMP's Contractual Benefits

The Company has agreed to grant and issue 3,000,000 new shares to the following key personnel if a mining permit to commence commercial iron ore production at the Silverstone Project is granted to Datian Silverstone Mining Co., Ltd before 29 July 2015.

	No. of Performance Shares
LAU Eng Foo (Andy)	1,200,000
Qiu Changsheng	1,000,000
Hong Xusheng	450,000
Loy Wei Choo, Joseph	350,000
	<u>3,000,000</u>

During the year under review, Qiu Changsheng ceased to act as the group's General manager of China operations. As result, he does not play any further role in the operations and management of the Group's businesses. His responsibilities were reassigned to other management personnel. Therefore, the Performance Shares which were provisionally granted to him should be re-distributed, and a resolution to that effect has been proposed at the coming Annual General Meeting.

Other KMP Transactions

For details of other transactions with KMP, refer to note 21.

There have been no loans to KMP.

24. CONTINGENCIES

There are not contingent liabilities as at the date of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company and the Group are exposed to financial risks arising from its operations and use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance.

Risk management is carried out by the Finance Division under policies approved by the Board of Directors. The Finance Division identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from cash and cash equivalents and other receivables. For other receivables, the Company and the Group adopt the policy of dealing only with high credit quality counterparties.

The Company's and the Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

Cash, cash equivalents and term deposits are held with reputable financial institutions.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Exposure to credit risk

The maximum exposure to credit risk for each class of the Company's and the Group's financial instruments areas following:

	The Company		The Group	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash and cash equivalents	1,208	1,603	1,105,287	1,263,784
Term deposits with average maturity over 3 months	-	-	-	916,200
Other receivables	304,623	742,816	1,539,439	758,086
Amount due from subsidiaries	3,433,136	3,211,516	-	-
	<u>3,738,967</u>	<u>3,955,935</u>	<u>2,644,726</u>	<u>2,938,070</u>

Liquidity risk

Liquidity risk is the risk that the Company or the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company and the Group manage liquidity risk by monitoring forecast cash flows. As at the financial year end the Group has cash and cash equivalent of \$1,105,287 (2013: \$2,179,984).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

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

The Group	Less than 1 year 2014 \$	Between 2-5 years 2014 \$	Over 5 years 2014 \$	Total 2014 \$
Other payables	185,497	-	-	185,497
Accrued expenses	78,869	-	-	78,869
Provision for tax	9,672	-	-	9,672
	274,038	-	-	274,038

The Group	Less than 1 year 2013 \$	Between 2-5 years 2013 \$	Over 5 years 2013 \$	Total 2013 \$
Other payables	33,792	-	-	33,792
Accrued expenses	77,941	-	-	77,941
	111,733	-	-	111,733

The Company	Less than 1 year 2014 \$	Between 2-5 years 2014 \$	Over 5 years 2014 \$	Total 2014 \$
Other payables	38,885	-	-	38,885
Accrued expenses	78,869	-	-	78,869
Amount due to subsidiary	42,813	-	-	42,813
	160,567	-	-	160,567

The Company	Less than 1 year 2013 \$	Between 2-5 years 2013 \$	Over 5 years 2013 \$	Total 2013 \$
Other payables	31,048	-	-	31,048
Accrued expenses	77,330	-	-	77,330
Amount due to subsidiary	26,000	-	-	26,000
	134,378	-	-	134,378

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company's and the Group's exposure to interest rate risk arises primarily from fixed deposits with average maturity within 3 months.

The Group manages its interest rate risk by continuously monitoring available interest rates while maintaining an overriding position of security whereby the majority of term deposits are held with reputable financial institutions.

The Group	Weighted average effective interest rate 2014 \$	Fixed interest rate with average maturity within 3 months 2014 \$	Non-interest bearing 2014 \$	Total 2014 \$
Financial Assets:				
Cash and cash equivalents	0.74%	–	1,105,287	1,105,287
Other receivables	–	–	1,539,439	1,539,439
Total Financial Assets	–	–	2,644,726	2,644,726
Financial Liabilities:				
Other payables	–	–	264,366	264,366
Provision for tax	–	–	9,672	9,672
Total Financial Liabilities	–	–	274,038	274,038

The Group	Weighted average effective interest rate 2013 \$	Fixed interest rate with average maturity within 3 months 2013 \$	Non-interest bearing 2013 \$	Total 2013 \$
Financial Assets:				
Cash and cash equivalents	0.74%	916,200	1,263,784	2,179,984
Other receivables	–	–	758,086	758,086
Total Financial Assets	–	916,200	2,021,870	2,938,070
Financial Liabilities:				
Other payables	–	–	111,733	111,733
Total Financial Liabilities	–	–	111,733	111,733

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (Continued)

Sensitivity analysis

The following table shows the movements in profit due to higher/lower interest rate income from variable fixed deposits with average maturity within 3 months held with reputable financial institutions in China.

The Group	If RMB interest rate higher 1% (100 basis points) 2014 \$	If RMB interest rate lower 1% (100 basis points) 2014 \$	If RMB interest rate higher 1% (100 basis points) 2013 \$	If RMB interest rate lower 1% (100 basis points) 2013 \$
	Interest income	-	-	9,216

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group is not exposed to any significant foreign currency risk because the Group has not commenced trade activity since the date of incorporation. The main operation for the Group is exploration activity relating to the Silverstone Project in China which is not exposed any significant foreign currency risk.

Market price risk

Given that the Group does not have any available-for-sale financial assets, the Group is not exposed to any significant market price risk.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

26. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern;
- to support the Group's stability and growth;
- to provide capital for the purpose of strengthening the Group's risk management capability; and
- to provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency. The Group does not have any borrowings as at the financial period end.

The Group currently does not adopt any formal dividend policy.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Group, is reasonable.

27. FAIR VALUE ESTIMATION

All financial assets and liabilities are carried at amounts not materially different from their fair values as at the reporting date.

28. SUBSEQUENT EVENT

The Company's wholly-owned subsidiary, Datian Huixiang Investments Consulting Co., Ltd ("DHIC") entered into a conditional joint venture agreement with Datian Wenjiangxiang Qiaoxia Iron Mine Co., Limited on 18 June 2014.

DHIC will acquire a 51% stake in Datian Wenjiangxiang Qiaoxia Iron Mine Co., Limited for RMB9,180,000 (Approximately A\$1,590,000) to be satisfied by way of issuance of 6,490,000 New CDIs of Asaplus Resources Limited.

SHAREHOLDING ANALYSIS

Number of Security Holders and Securities on Issue

As of 4 July 2014, the Company has issued 88,000,000 CHES Depository Interests (CDIs) over 88,000,000 fully paid ordinary shares in the Company's share capital. Of these, 24,500,000 CDIs are quoted on ASX and held by 387 CDI-holders. The balance 63,500,000 CDIs which are unquoted and are subject to escrow arrangements expiring 18 November 2014, are held by 27 CDI-holders.

As incentive for key management personnel, the Company had agreed to grant and issue 3,000,000 new Shares to be credited as being fully paid (the "Performance Shares") to the following key personnel upon and only upon attainment of the a mining permit to commence commercial iron ore production at the Silverstone Project is granted, to the following key management personnel:

<u>Name</u>	<u>Position</u>	<u>Number of Performance Shares</u>
Lau Eng Foo (Andy)	Managing Director & Group CEO	1,200,000
Qiu Changsheng ⁽¹⁾	General Manager	1,000,000
Hong Xusheng	Controller & Deputy General Manager	450,000
Loy Wei Choo (Joseph)	Geological Manager	350,000
	TOTAL	3,000,000

⁽¹⁾ Mr Qiu Changsheng is no longer the General Manager of the Company China Operations. Therefore, is no longer involved its day-to-day management and operations. The Company is seeking shareholders' approval at the coming annual general meeting to vary the grant of the Performance Shares to re-assign the Performance Shares currently assigned to Mr Qiu Changsheng to other employees.

As of 4 July 2014, no Performance Share has been issued.

There is no other class of shares or securities issued by the Company.

Voting Rights

Under the Company's constitution, a CDI-holder may either:

- give CDN voting instructions in relation to the number of CDIs he or she holds; or
- requests CDN to appoint him or her or another person he or she nominates as CDN's proxy to attend the general meeting as CDN's proxy in relation to the number of CDIs he or she holds.

At a general meeting, on a show of hands, a CDI holder present in person or by proxy has one vote and, upon a poll, each CDI shall have one vote.

SHAREHOLDING ANALYSIS

Distribution of CDI-holders

The distribution of CDI-holders as of 30 May 2013 are as follows:

Holding	Number of Holders	%	Number of Shares	%
1 – 1,000 CDIs	1	0.24	1	0.00
1,001 – 5,000 CDIs	1	0.24	4,000	0.00
5,001 – 10,000 CDIs	225	54.35	2,620,000	2.98
10,001 – 100,000 CDIs	138	33.33	4,782,000	5.43
100,001 CDIs and above	49 ⁽¹⁾	11.84	80,593,999	91.58
	414	100.00	88,000,000	100.00

⁽¹⁾ Includes 27 CDI-holders holding 63,500,000 unquoted and escrowed CDIs

Substantial Shareholders

Substantial Shareholders of the Company as of 30 May 2013 are as follows:

Name	Number of CDIs	
	Directly Held	Deemed Interested
Asaplus International Limited	39,000,000	–
Lau Eng Foo (Andy) ⁽²⁾	–	39,000,000
Hong Xusheng ⁽²⁾	–	39,000,000
Tan Wil Lian ⁽²⁾	–	39,000,000
Boon Thua Kee	4,691,000	–
Ding Poi Bor	4,400,000	–

⁽²⁾ Deemed interested in the CDIs held by Asaplus International Limited

SHAREHOLDING ANALYSIS

Twenty Largest Shareholders

	Name of CDI-holder	No. of CDIs	%
1.	Asaplus International Limited	39,000,000	44.32
2.	Boon Thuan Kee	4,691,000	5.33
3.	Ding Poi Bor	4,400,000	5.00
4.	Liqin Lin	3,520,000	4.00
5.	Lu Bo	2,589,143	2.94
6.	Sinny United Sdn Bhd	2,000,000	2.27
7.	Jiansheng Qiu	1,936,000	2.20
8.	Qun Liu	1,760,000	2.00
9.	Irene Chua Paik See	1,700,000	1.93
10.	Seong Kung Mah	1,370,000	1.56
11.	Zambri Bin Abd Hamid	1,000,000	1.14
12.	Liu Lu	1,000,000	1.14
	Kok Kin Ting	1,000,000	1.14
	Kok Fi John Ho	1,000,000	1.14
15.	Jiacheng Li	880,000	1.00
	Mohamed Iylia Anwar Bin Che Mohamed Hussein	880,000	1.00
	Dandong Li	880,000	1.00
18.	Fidus Custodians Limited	785,000	0.89
19.	Too Seong Ling	730,000	0.82
20.	Lim Khey Jian	704,142	0.80
		<hr/>	<hr/>
	Balance of Register	71,825,285	81.62
		<hr/>	<hr/>
		16,174,715	18.38
		<hr/>	<hr/>
		88,000,000	100.00
		<hr/>	<hr/>

Security Holding Queries

All queries relating to holdings of CDIs issued by the Company should be addressed to the Company's share registry at the following address:

Link Market Services Limited
Level 4 Central Park
152 St Georges Terrace
Perth WA 6000

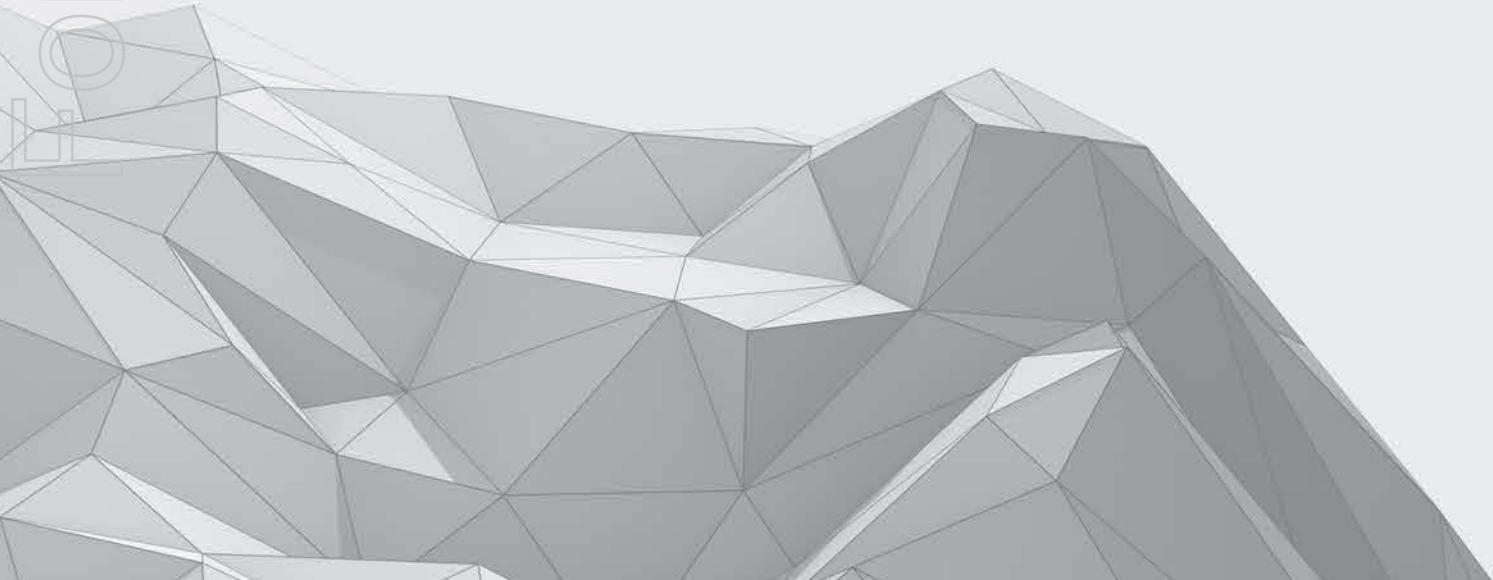
For personal use only

This page has been intentionally left blank

For personal use only

This page has been intentionally left blank

For personal use only



For personal use only



21 Bukit Batok Crescent #15-74
WCEGA Tower | Singapore 658065
www.asaplusresources.com

