

### **Wasabi Energy Limited**

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## Announcement

22 February 2013

### Half Year Report

Wasabi Energy Limited (ASX:WAS AIM:WAS ADR:WSBLY), an emerging independent power producer, presents the financial report of the Company and its subsidiaries for the six months ended 31 December 2012.

Major milestones achieved include:

- Continued development for Kalina Cycle® power plants in all key markets culminating in strategic aim to build 25MW's of proprietary power to 2015 and targeting 25MW's of growth per annum thereafter.
- Rollout of regional subsidiaries with dedicated, local, experienced management teams, including establishment of Wasabi New Energy Asia to focus on deployment of the Kalina Cycle® in the Asian region;
- The agreement and part payment for the purchase of 50.5% of Shanghai Shenghe New Energy Resources Science and Technology (SSNE), a Kalina Cycle® licensee for China, Taiwan, Macau and Hong Kong by Wasabi New Energy Asia;
- Wasabi New Energy Asia subsidiary, SSNE awarded EPC contract with Sinopec, China's leading petrochemical producer, following a design and technical services contract for a 4MW Kalina Cycle® plant at the Hainan Petrochemical facility, China
- Purchase of the option over 50% of the Tuzla Geothermal Power Project in Turkey which has an operating 7.5 MWe geothermal power plant and pre feasibility for a 17.5MW Kalina Cycle® power plant;
- All major Kalina Cycle® licensees have Kalina Cycle® power plants under construction;
- Entry into the mining industry by Aqua Guardian Group with a sale of its water conservation product AquaArmour<sup>™</sup> to Anglogold Ashanti;
- Successful placing and rights issue in July 2012, raising \$8.9m with strong support from major institutional shareholders, and issue of a secured loan note in December 2012 raising \$6.5m. Proceeds will be used to fund expansion of the regionally-focused Kalina Cycle businesses.

The Company's non-core listed investments have a current market value of over \$9,000,000 and the Board expects to realise these investments in part or in whole in the short term.

#### Mr. John Byrne, Executive Chairman of Wasabi Energy, commented:

"Wasabi Energy continues to make significant strides in strengthening its position as a leading independent power producer. We are on track to reach our target of 25 MW of Wasabi Energy owned power production by 2015 and sustained growth of 25MW per annum thereafter.

"Our Kalina Cycle® business continues to grow globally and remains the core focus of the Group. The establishment of Wasabi New Energy Asia and 50.5% purchase of SSNE provides an entry to the large Asian market through a locally established business with a dedicated management team and technical resources to roll out the business. The contract with Sinopec for the engineering and building of a 4MWe Kalina Cycle® plant by SSNE is a key milestone and, along with other applications of the Kalina Cycle® by SSNE, positions the technology well to help realise the goals set out by the Chinese regulators in relation to industrial energy efficiency and pollution."

"The loss for the period was as expected for the Group as we develop the power business and also included the operations of our water business, Aqua Guardian Group, over the period for the first time."

#### For further information, please contact:

#### **Wasabi Energy Limited**

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Hilary Millar

## **Appendix 4D**

## Half year report

### 1. Company details

Name of entity

Wasabi Energy Limited							
ABN or equivalent company reference		Half year ended ('current period')		Half year ended ('previous period')			
24 000 090 997		31 December 2012		31 December 2011			

#### 2. Results for announcement to the market

\$A

	2. Results for announcement to the market								
2.1	Revenues from ordinary activities	Down	% to	487,282					
2.2	Loss from ordinary activities after tax attributable to members	Down	469	% to	2,820,762				
2.3	Net loss for the period attributable to members	Down	469	% to	2,820,762				
2.4	Dividends	Amount per sec	Franked amount per security						
	Interim dividend declared	Nil ¢	I	Nil ¢					
2.5	+Record date for determining entitlements to	N.	121	.1.					

Not applicable dividend.

The total loss of the consolidated entity attributable to the owners of the parent for the half year ended 31 December 2012 was \$2,820,762. This loss includes the operations of Aqua Guardian Group over the period for the first time.

### 3. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.47c	0.50c

4.1 Control gained over en	tities	
Name of entity (or group of entities)	n/a	
Date control gained		
Contribution of such entities to the (loss) from ordinary activities duri material).		
Profit (loss) from ordinary activities items after tax of the controlled en for the whole of the previous corre	tity (or group of entities)	
4.2 Loss of control over ent	tities	
Name of entity (or group of entities	es) n/a	
Date control lost		
Contribution of such entities to the (loss) from ordinary activities duri material).		
Consolidated profit/(loss) from ore controlled entity (or group of entit the whole of the previous correspondential).	ies) whilst controlled during	

### 5. Dividends

### Individual dividends per security

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend:	Current year	nil	¢	¢	¢
	Previous year	nil	¢	¢	¢

### 6. Foreign entities

N/a

### 7. If the accounts are subject to audit dispute or qualification, details are described below

N/a

Sign here:

Print name: Alwyn Davey, Company Secretary

Date: 22 February 2013

### **WASABI ENERGY LIMITED**

ABN 24 000 090 997 Half-year financial report for the half-year ended 31 December 2012

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#### **CORPORATE DIRECTORY**

**Directors:** Mr John Byrne Executive Chairman

Mr Stephen Morris Executive Director (resigned 28 August 2012)

Dr Malcolm Jacques Non-executive Director
Mr Robert Reynolds Non-executive Director
Mr Robert Vallender Non-executive Director

Company Secretary: Mr Alwyn Davey

Registered Office: Level 9 175 Collins Street

Melbourne VIC 3000

Telephone: + 61 3 9663 7132 Facsimile: + 61 8 9650 0066

Principal Place of Business: Level 9 175 Collins Street

Melbourne VIC 3000

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Share Registry: Computershare Registry Services Pty Limited

Yarra Falls, 452 Johnston Street, Abbotsford, Vic, Australia, 3067 Telephone: 1300 787 272

Bankers: Commonwealth Bank of Australia

385 Bourke Street Melbourne VIC 3000

Auditors: Deloitte Touche Tohmatsu

550 Bourke Street Melbourne VIC 3000

Telephone: + 61 3 9671 7000 Facsimile: + 61 3 9671 7001

Solicitors: Gadens Lawyers

Level 25 Bourke Place 600 Bourke Street Melbourne VIC 3000

Stock Exchange: The Company is listed in the Australian Stock Exchange, the AIM market of the

London Stock Exchange Plc and American Depository Interests on the OTC.

Other Information: Wasabi Energy Limited, incorporated and domiciled in Australia, is a publicly listed

company limited by shares.

ASX code: WAS AIM code: WAS OTC code: WSBLY

#### **Directors' report**

The directors of Wasabi Energy Limited present the financial report of the company and its subsidiaries for the half-year ended 31 December 2012. In order to comply with the provisions of the *Corporation Act 2001*, the directors report as follows:

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

#### Mr John Byrne

**Executive Chairman** 

Mr Stephen Morris (resigned 28 August 2012)

**Executive Director** 

#### **Dr Malcolm Jacques**

Non-executive Director

#### Mr Robert Reynolds

Non-executive Director

#### Mr Robert Vallender

Non-executive Director

#### **Review of operations**

The total loss of the consolidated entity attributable to the owners of the parent for the half year ended 31 December 2012 was \$2,820,762 (2011: net loss \$5,216,238). This equates to a basic loss per share of 0.1 cent (2011: basic loss per share of 0.23 cents).

#### **Highlights**

The major milestones achieved by Wasabi Energy and its subsidiaries in the six months to 31 December 2012 include:

- Rollout of regional structure with dedicated, local, experienced management teams
- Purchase of the option over 50% of the Tuzla Geothermal Power Project in Turkey which has an operating 7.5 MWe geothermal power plant
- Establishment of Wasabi New Energy Asia as a separate entity to focus on the rollout of the Kalina Cycle® in the Asian region
- The agreement and part payment for the purchase of 50.5% of Shanghai Shenghe New Energy Resources Science and Technology (SSNE), a Kalina Cycle® licensee for China, Taiwan, Macau and Hong Kong by Wasabi New Energy Asia
- Ongoing development of AAP Carbon as a Kalina Cycle® licensee for Sub Saharan Africa
- All major Kalina Cycle® licensees are constructing Kalina Cycle® power plants
- Entry into the mining industry by Aqua Guardian Group with a sale of their water conservation product AquaArmour<sup>TM</sup> to AngloGold Ashanti
- Successful placement and rights issue in July 2012 that raised \$8.9m with strong support from our major
  institutional shareholders and in December 2012 a secured loan note that raised \$6.5m. These funds were used to
  expand the regional businesses.

#### **DIRECTORS' REPORT**

Review of operations (continued)

In the past six months the business has begun to take form into regional business units with dedicated, local management teams in place to focus on these major markets. We are on target to achieve our goal of 25 MWe of power production by 2015 and to maintain a growth rate of 25 MWe per year thereafter for which we have a clear plan.

In August 2012, Wasabi announced our intention to establish Wasabi New Energy Asia (WNEA) as a new entity that will be focussed on Asia. WNEA will be at least 50% owned by Wasabi and it has been granted a Kalina Cycle® license for Asia extending from Myanmar to Mongolia and Indonesia. Within WNEA the purchase of 50.5% of Shanghai Shenghe New Energy Resources Science and Technology (SSNE) is progressing with the final payment scheduled to be made at the end of the period. The transaction is expected to be completed in Q1 2013.

SSNE has been a Kalina Cycle® licensee since 2008 and was recently awarded a 4.0 MW Kalina Cycle® power plant project with Sinopec at their Hainan petrochemical facility. This engineering, procurement and construction contract has a value of over US\$10m and is scheduled for completion in late 2013.

Japan continues to be a key market for the Asian region with the introduction of high feed in tariffs, of greater than US\$0.50 per kW hour for geothermal power. The 50 kW Kalina Cycle power plant continues to be optimised and there are a number of other opportunities that we are pursuing in that region.

The establishment of WNEA and the future purchase of 50.5% of SSNE means that Wasabi will have a majority interest in a group that is well positioned for the vast Chinese and Asian waste heat and renewable energy (geothermal and solar thermal) markets.

In August 2012, the establishment of AAP Carbon (AAP) was announced with Wasabi agreeing to increase its holding to 62.5% (currently at 25%). AAP has been granted a Kalina Cycle® license for Sub Saharan Africa. The group has been working on the conversion of opportunities with ArcelorMittal, TATA Steel, Mogale Alloys and Hernic Ferrochrome amongst others. The power price in South Africa is expected to rise by as much as 15% this year and pressure remains on costs within these highly energy intensive industries. The power issues facing other parts of Africa are severe with high cost production using diesel generation. Africa also has large geothermal reserves and solar thermal potential. We are well positioned in this market with a unique chemical and thermal energy conversion offering.

Imparator Enerji has been working on the Tuzla Geothermal Project in Turkey which includes an operating 7.5MWe geothermal power plant and in which we have acquired an option over 50% of the project. The option extends to the end of December 2013. Planning has commenced for the option exercise and the build out of the field is underway with an initial study for a 17 MWe Kalina Cycle® power plant. Based on studies and historical reports the field has a build out potential of up to 55 MWe of generation capacity.

The key licensees of the Kalina Cycle® namely, SSNE, FLSmidth and Exorka all have Kalina Cycle® power plants under construction. There are four Kalina Cycle® power plants in the design or construction phases. As noted above SSNE has recently commenced a 4.0 MWe Kalina Cycle® power plant with Sinopec at their petrochemical facility in Hainan, China and there are 23 similar plants which could lead to provision of modularised power plants thereby reducing costs.

FLSmidth, a leading provider of engineering services to the cement and lime industries has two Kalina Cycle® power plants under construction. The first a 8.6 MWe power plant at the DG Khan cement plant in Pakistan has commenced commissioning and is expected to be fully operational in the coming months. The commencement of this plant marks the first installation of a Kalina Cycle® power plant in the cement and lime industry. FLSmidth are also engineering and constructing a 4.75 MWe Kalina Cycle® power plant at Star Cement's plant at Ras Al Khaimah, in the United Arab Emirates. Both plants are expected to be operational this year. FLSmidth are pursing over 20 opportunities in the cement and lime industries.

Exorka, the Kalina Cycle® licensee in Germany has been developing the Geothermie Taufkirchen power plant. The project will have a strong focus on district heating and as a result Wasabi has agreed an engineering contract with Geothermie Taufkirchen to assist in the design of the project. The geothermal processes of the power plant are being finalised as the injection well is completed. The Geothermie Taufkirchen power plant is anticipated to come on line in 2014.

In Husavik, the refurbishment of the Kalina Cycle® power plant continues. There have been some issues with the refurbishment of the gearbox which is pushing the project schedule back. It is now expected to come on line in late 2013.

Another key target for Wasabi during this financial year is to divest our non-core assets. We have two main assets, Aqua Guardian Group and Lignol.

#### **DIRECTORS' REPORT**

Review of operations (continued)

Aqua Guardian Group (AGG) owns the innovative evaporation and algal control product AquaArmour<sup>TM</sup> which is a self ballasting module that is designed for deployment on large water storages. AGG also owns 22.7% of Clean TeQ (ASX:CLQ) a provider of advanced clean technology solutions for air and water treatment.

In November 2012, AGG announced the successful completion of a deployment of AquaArmour<sup>TM</sup> at the Tropicana mine site in Australia which is owned by AngloGold Ashanti. AquaArmour<sup>TM</sup> has now been deployed in both urban water and mining applications. The market for this product is large globally, with over 360 operating mines in Australia. We continue to roll out the product across key global markets.

Lignol Energy Corporation (TSX-V:LEC) is a Canadian company undertaking the development of biorefining technologies for the production of advanced biofuels, including fuel-grade ethanol, and other renewable chemicals from non-food cellulosic biomass feedstocks. Wasabi sold its stake in Australian Renewable Fuels (ASX:ARW) to Lignol in August 2012. In November 2012 as part of a capital raising within Lignol we converted our debenture into shares. Wasabi now owns 36,638,466 shares or 25% of Lignol.

Lignol continues to develop its business with the announcement last week of the first commercial supply agreement for HP-L lignin to a market leader in the thermoplastics sector. Lignin is a biochemical substitute that can be used in plastics, adhesives, coatings and other carbon based chemical applications. Lignol has also been given Foreign Investment Review Board approval to increase their stake in Australian Renewable Fuels above the threshold of 15%. They currently hold 14.9% of Australian Renewable Fuels.

On 27 June 2012 Wasabi Energy completed a placement of 300 million ordinary shares at \$0.017 (£0.011) to raise \$5.1m (£3.3m) with the proceeds remitted to the Company on 2 July 2012. The issues had a strong response from our UK institutional shareholders. In addition to the Placing, a non-renounceable rights issue was completed on 13 August 2012 and raised a further \$3.8m (£2.5m).

In January 2013 we announced the issue of a Secured Loan Note for \$7,000,000. The Loan carries an interest rate of 8% and is repayable by 14 December 2013 unless repaid earlier by Wasabi.

The lenders have also received in aggregate 350,000,000 warrants to purchase new shares in Wasabi at 2c per share at any time up until 14 December 2013. The exercise price for the warrants may be off set as repayment of the Loan if exercised by a lender. The Loan is secured by a first charge over the assets of Wasabi. It is the intention of Wasabi to sell our non-core assets to focus the business on the power business.

The loan has attracted new capital to Wasabi with Difference Capital Funding Inc, a Canadian listed merchant bank that strategically invests in growth companies, taking up \$3,000,000 of the Loan.

The funds have been used to further develop the business through the purchase of the Tuzla geothermal Power Project 50% option and the establishment of WNEA with the first payment for the proposed acquisition of 50.5% of SSNE.

We continue to be on track to meet our strategic targets and the second half of the year will be focused on the ongoing establishment of the regional businesses including an opportunity in the North American market. The market opportunity for the Kalina Cycle® and other power plants continues to grow as more governments recognise the need for energy efficiency and renewable power options.

#### **DIRECTORS' REPORT**

Review of operations (continued)

#### Investments

The Market value of Investments listed on Australian Stock Exchange and Toronto Stock Exchange in Australian dollars as at 21 February 2013 was over \$9m.

#### Corporate

Loss for the half year attributed to owners of the parent was \$2,820,762

During the half year ended 31 December 2012, the Company issued 595,037,817 ordinary shares for gross proceeds of \$10,130,621 on account of new shares and options exercised. Capital raising cost amounted to \$592,678.

#### Auditor's independence declaration

The auditor's independence declaration is included on page 8 of the half-year financial report.

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

On behalf of the Directors

signed

John Byrne Director Melbourne, 22 February 2013



Deloitte Touche Tohmatsu A.B.N. 74 490 121 060

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The Board of Directors Wasabi Energy Limited Level 9, 175 Collins St MELBOURNE VIC 3000

22 February 2013

**Dear Board Members** 

#### Wasabi Energy Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Wasabi Energy Limited.

As lead audit partner for the review of the financial statements of Wasabi Energy Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Delotte Torche Tohacha

Ian Sanders Partner

**Chartered Accountants** 

las Santa



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## Independent Auditor's Review Report to the members of Wasabi Energy Limited

We have reviewed the accompanying half-year financial report of Wasabi Energy Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2012, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 11 to 19.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Wasabi Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## Deloitte.

#### Auditor's Independence Declaration

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

#### Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred a net loss of \$3,104,819 and had net cash outflows from operating activities of \$3,691,034 for the half-year ended 31 December 2012. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern and whether it will realise its assets and discharge its liabilities in the normal course of business.

DELOITTE TOUCHE TOHMATSU

Delotte Touche Tohinte

Ian Sanders

Partner

Chartered Accountants

las Sante

Melbourne, 22 February 2013

#### Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards, and give a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

signed

John Byrne Director Melbourne, 22 February 2013

# Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2012

•	Conso	lidated
	Half-year ended 31 Dec 2012	Half-year ended 31 Dec 2011
	<b>\$</b>	\$
Continuing operations		
Revenue	487,282	3,710,946
Cost of sales	(207,615)	(3,086,209)
Gross (loss)/profit	279,667	624,737
Other revenue	1,190,725	52,209
Finance income	53,507	167,464
Employee benefits expenses	(2,377,275)	(1,293,464)
Administration expenses	(920,891)	(567,316)
Depreciation and amortisation expenses	(128,362)	(60,359)
Travel expenses	(552,608)	(566,377)
Gain/(Loss) on revaluation of financial assets fair valued through profit		
and loss	761,815	(88,000)
Loss on conversion of debenture	(447,988)	-
Impairment on investment classified as available for sale	-	(2,872,606)
Legal and professional fees	(664,304)	(885,184)
Patent costs	(106,865)	(97,046)
Exchange variation	(2,438)	387,051
Fair value (loss)/gain on options	(6,413)	(24,318)
Finance costs	(183,389)	(14,567)
	(2.424.242)	()
Loss before tax	(3,104,819)	(5,237,776)
Income tax benefit	-	-
Loss for the period	(3,104,819)	(5,237,776)
Other comprehensive income, net of income tax		
Items that may be reclassified subsequently to profit or loss		
Exchange reserve arising on translation of foreign operations	140,628	9,149
(Loss)/Gain on available for sale assets	849,548	296,374
Other comprehensive gain for the period, net of income tax	990,176	305,523
Total comprehensive loss for the period	(2,114,643)	(4,932,253)
Loss attributed to:		
Owners of the parent	(2,820,762)	(5,216,238)
Non-controlling interests	(284,057)	(21,538)
Non-controlling interests	(3,104,819)	(5,237,776)
	(0,104,013)	(3,237,770)
Total comprehensive loss attributed to:		
Owners of the parent	(2,034,164)	(4,910,823)
Non-controlling interests	(80,479)	(21,430)
	(2,114,643)	(4,932,253)
Farnings per chare		
Earnings per share From continuing and discontinued operations:		
Basic and diluted (cents per share)	(0.10)	(0.23)
Sacro and diluted forms per shale)	(0.10)	(0.23)

## Condensed consolidated statement of financial position as at 31 December 2012

45 4t 51 2000mbci 2012		Conso	lidated
		31 Dec	30 June
		2012	2012
	Note	\$	\$
Current assets			
Cash and cash equivalents		621,062	72,105
Trade and other receivables		2,944,499	1,721,046
Inventory		2,960	2,960
Other financial assets		4,758,320	100,336
Assets classified as available-for-sale		5,221,512	<u>-</u>
Non current assets held for sale			3,695,118
Total current assets		13,548,353	5,591,565
Non-current assets			
Trade and other receivables		57,617	1,014,650
Other assets		13,720,334	-
Assets classified as available-for-sale		1,000,000	5,242,770
Investments accounted for using the equity method	3	9,200	9,200
Capital works-in-progress		346,932	377,962
Property, plant and equipment		539,230	532,484
Goodwill		2,824,674	2,824,674
Intangible assets		1,617,764	1,192,176
Total non-current assets		20,115,751	11,193,916
Total assets		33,664,104	16,785,481
Current liabilities			
Trade and other payables		3,240,088	2,607,590
Borrowings	4	6,913,030	3,024,426
Provision		210,069	172,585
Total current liabilities		10,363,187	5,804,601
Non-current liabilities			
Trade and other payables		730,306	302,589
Borrowings	4	4,339,020	-
Total non-current liabilities		5,069,326	302,589
Total liabilities		15,432,513	6,107,190
Net assets		18,231,591	10,678,291
Equity			
Issued capital	5	62,584,599	51,404,080
Reserves	Ŭ	(686,095)	39,883
Accumulated losses		(44,321,646)	(41,500,884)
Total equity attributable to equity holders of the company		17,576,858	9,943,079
Non controlling interest		654,733	735,212
Total equity		18,231,591	10,678,291
i otal oquity		10,201,001	10,010,201

## Condensed consolidated statement of changes in equity for the half-year ended 31 December 2012

				Consolida	olidated				
	Issued capital and contributed equity	Investments revaluation reserve	Foreign currency translation reserve	Share based payments reserve	Other reserves	Accumulated losses	Attributable to owners of the parent	Non controlling interest	Total
	<u> </u>	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2011  Movements in available-for-sale	48,362,897	690,692	121,379	3,658,341	(3,171,993)	(34,181,845)	15,479,471	(129,787)	15,349,684
Investments Movement in foreign exchange	-	296,374	-	-	-	-	296,374	-	296,374
values	-	-	9,041	-	-	-	9,041	108	9,149
Loss for the period						(5,216,238)	(5,216,238)	(21,538)	(5,237,776)
Total comprehensive loss for the									
period	-	296,374	9,041	-	-	(5,216,238)	(4,910,823)	(21,430)	(4,932,253)
Exercise of Options	2,078,001	-	-	-	-	-	2,078,001	-	2,078,001
Balance at 31 December 2011	50,440,898	987,066	130,420	3,658,341	(3,171,993)	(39,398,083)	12,646,649	(151,217)	12,495,432

## Condensed consolidated statement of changes in equity for the half-year ended 31 December 2012 (cont)

					Consolidated						
	Issued capital and contributed equity	Investments revaluation reserve	Foreign currency translation reserve	Share based payments reserve	Other reserves	Treasury Shares	Accumulated losses	Attributabl e to owners of the parent	Non controlling interest	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Balance at 1 July 2012	51,404,080	1,358,295	(92,578)	3,556,953	(4,331,987)	(450,800)	(41,500,884)	9,943,079	735,212	10,678,291	
Movements in available-for-sale											
investments	-	645,970	-	-	-	-	-	645,970	203,578	849,548	
Movement in foreign exchange values	-	-	140,628	-	-	-	-	140,628	-	140,628	
Profit/(Loss) for the period	-	-	-	-	-	-	(2,820,762)	(2,820,762)	(284,057)	(3,104,819)	
Total comprehensive loss for the											
period	-	645,970	140,628	-	-	-	(2,820,762)	(2,034,164)	(80,479)	(2,114,643)	
New issue	10,130,621	-	-	-	-	-	-	10,130,621	-	10,130,621	
Capital raising costs	(592,678)	-	-	-	-	-	-	(592,678)	-	(592,678)	
Share based payments	1,642,576	-	-	(1,642,576)	-	-	-	-	-	-	
Issue of warrants	-	-	-	130,000	-	-	-	130,000	-	130,000	
Balance at 31 December 2012	62,584,599	2,004,265	48,050	2,044,377	(4,331,987)	(450,800)	(44,321,646)	17,576,858	654,733	18,231,591	

## Condensed consolidated cash flow statement for the half-year ended 31 December 2012

, ,	Consolidated	
	Half-year ended 31 Dec 2012	Half-year ended 31 Dec 2011
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,554,912	1,434,896
Interest and finance costs paid	(171,042)	(14,567)
Payments to suppliers and employees Sundry income	(5,124,627) 49,723	(5,771,473) 1,500
Curtary medine	40,720	1,000
Net cash used in operating activities	(3,691,034)	(4,349,644)
Cash flows from investing activities		
Interest received	48,860	28,539
Proceeds from sale of equity investments	543,565	500,810
Proceeds from sale of fixed assets	545	-
Payment for options to acquire new venture	(2,593,251)	-
Advance payment to acquire new business	(3,475,522)	-
Refund of security deposit	25,755	<del>-</del>
Payment for plant and equipment	(95,985)	(125,038)
Payment for new projects	(97,847)	(118,195)
Payment for equity investments	(559,652)	(129,035)
Loans to related party	-	(1,860,797)
Loan repaid by related party	<u> </u>	33,421
Net cash (used)/provided in investing activities	(6,203,532)	(1,670,295)
Cash flows from financing activities		
Proceeds from issue of shares	9,034,801	2,078,001
Proceeds from borrowings/convertible notes	4,690,000	-
Repayment of borrowings	(2,842,462)	(446,155)
Capital raising costs	(438,816)	<u>-</u>
Net cash provided by financing activities	10,443,523	1,631,846
Net decrease in cash and cash equivalents	548,957	(4,388,093)
Cash and cash equivalents at the beginning of the period	72,105	5,223,011
Effect of movement in exchange rates on cash balances	-	200,751
Cash and cash equivalents at the end of the period	621,062	1,035,669

#### Notes to condensed consolidated financial statements

#### 1. Significant accounting policies

#### Statement of compliance

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

#### **Basis of preparation**

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group had adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current reporting period. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the consolidated entity.

#### Going concern

The consolidated entity incurred a net loss of \$3,104,819 and had net operating cash outflows of \$3,691,034. Notwithstanding the above factors, the financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. At the date of this report, the Directors have considered the above factors and are of the opinion that the consolidated entity will be able to continue as a going concern and will be able to pay its debts as and when they fall due, based on forecasted cash flow through to June 2014.

The above opinion is underpinned by certain key assumptions including:

- the sale of non-core investments held in listed entities at a significantly higher value than their current market values, which have been disclosed in the statement of financial position at \$9,947,031 (disclosed as \$4,725,519 in other financial assets and \$5,221,512 in assets classified as available-for-sale current); and
- the exercise of a significant portion of the warrants attached to the secured loan.

If the assumptions do not eventuate, the consolidated entity has a number of other options available to realise cash that the Directors believe will enable the consolidated entity to pay its debts as and when they fall due including:

- the ability to sell other non-core investments;
- the ability to source additional equity funding, for which the company has a history of successful capital raisings;
- · the ability to source additional debt funding, for which the company has a history of successfully securing.

In the event that the consolidated entity is unsuccessful in the matters set out above, there is material uncertainty whether the consolidated entity could continue as a going concern. If the consolidated entity is unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

#### 2. Segment information

The following is an analysis of the Group's revenue and results by reportable operating segments for the periods under review:

	Revenue Half-year ended		Segment loss Half-year ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2012	2011	2012	2011
	<b>\$</b>	\$	<b>\$</b>	\$
Continuing operations				
Investments	1,385,532	219,673	(1,610,130)	(4,332,821)
Geothermal power	345,982	3,710,946	(1,494,689)	(904,955)
Consolidated segment revenue and				
Loss for the period	1,731,514	3,930,619	(3,104,819)	(5,237,776)

The revenue reported above represents the revenue generated from external customers.

Segment loss represents the loss incurred by each segment with the allocation of interest revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by reportable operating segment

	Consolidated		
	31 Dec 2012	30 Jun 2012	
	\$	\$	
Investments	22,508,375	13,837,529	
Geothermal power	10,155,730	1,947,952	
Total segment assets	32,664,105	15,785,481	
Unallocated assets	1,000,000	1,000,000	
Total assets	33,664,105	16,785,481	

#### 3. Investments accounted for using the equity method

			Ownership intere	est
Name of entity Co	Country of incorporation	Principal activity	31 Dec	31 Dec
			2012	2011
			%	%
Associates				
Exergy inc	USA	Investment	46.0	46.0

	Consolid	Consolidated		
	31 Dec 2012 \$	30 Jun 2012 \$		
Reconciliation of movement in investment accounted				
for using the equity method:				
Balance at start of period	9,200	-		
Shares in Wasabi held by associate	-	460,000		
Shares in Wasabi reclassified as treasury shares	-	(460,000)		
Partial sale of shares in Wasabi		9,200		
Balance at end of period	9,200	9,200		

#### Dividends received from associates

No dividends were received during the half year (31 December 2011: Nil) from the associates.

#### 4. Borrowings

•	Consolidated		
	31 Dec 2012	30 June 2012	
	<u> </u>	\$	
Loans:			
8% Loan note (secured)	5,358,390	-	
8% Loan note (secured) – related parties	1,032,350		
5% Loan note (unsecured)	4,861,310	-	
Director related entity (unsecured) (i)	-	2,526,681	
Other entities (secured)	<u> </u>	497,745	
	11,252,050	3,024,426	
(i) The loan carried an interest rate of 10% per annum.  Disclosed in the financial statements as:  Current borrowings	6,913,030	3,024,426	
Non current borrowings	4,339,020		
	11,252,050	3,024,426	
5. Contributed equity	31 Dec 2012	30 June 2012	
Ordinary Shares	No .Shares	No. Shares	
Fully paid  Movement during the half year	3,048,310,869	2,453,273,052	
Opening Balance	2,453,273,052	2,195,472,928	
Movements during the period	595,037,817	257,800,124	
	3,048,310,869	2,453,273,052	

The following Options were on issue at 31 December 2012:

Tranche	Number	<b>Exercise Price</b>	Expiry Date
Tranche 1 (granted on 20 December 2010)	6,500,000	2.8 cents	27 December 2013
Tranche 2 (granted on 25 February 2011)	42,400,000	3.9 cents	24 February 2013
Tranche 3 (granted on 28 April 2011)	10,000,000	3.4 cents	31 March 2013
Tranche 4 (granted on 31 Dec 2012)	307,500,000	2.0 cents	14 December 2013

#### 6. Subsequent event

In January 2013 the company issued additional 8% loan notes amounting to \$750,000. Apart from this, there has not been any matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years