



Half Year Report Ended 31 December 2016

Release Statement

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CORPORATE DIRECTORY

Directors

Jack Hamilton

Non-Executive Chairman

Christopher Murray

Managing Director and Chief Executive Officer

George Miltenyi

Non-Executive Director

Richard Brimblecombe

Non-Executive Director

Secretary

Tim Pritchard CPA

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Auditor

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BRISBANE QLD 4000

Solicitors

Thomsons Geer

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1 Eagle Street

BRISBANE QLD 4000

Securities exchange listings

ReNu Energy Limited shares are listed on the Australian Securities Exchange. The home branch is Sydney, Ticker: RNE.

APPENDIX 4D

HALF YEAR REPORT

Name of entity

RENU ENERGY LIMITED (FORMALLY GEODYNAMICS LIMITED)

ABN

55 095 006 090

Half year ended

31 December 2016

Previous corresponding period: 31 December 2015

Results for announcement to the market

Results

Revenues from ordinary activities	Down	36% to	\$313,914
Loss from ordinary activities after tax attributable to members	Up	189% to	\$2,378,227
Net loss for the period attributable to members	Up	189% to	\$2,378,227

Dividends

The Directors do not propose to recommend the payment of a dividend in respect of the period.

Net Tangible Asset Backing	As at 31 December 2016	As at 30 June 2016
Net tangible asset backing per ordinary security (cents per share)	\$0.024	\$0.029

Brief explanation of any of the figures reported above:

The revenue for this half year predominantly comprised \$150,176 interest income and \$163,459 income from Bioenergy projects.

The loss from ordinary activities represents exploration and evaluation costs incurred, expenditure on bio energy projects and normal administrative overhead offset by interest income and recovery of remediation costs from Origin Energy.

The group has net tangible asset backing of 2.4 cents per share and cash reserves of \$10 million.

Details of entities over which control has been gained or lost during the period:

NIL

This information should be read in conjunction with the most recent annual report and the Directors' report and the half year financial statements for the period.



DIRECTORS' REPORT

Your Directors submit their report for the half year ended 31 December 2016.

DIRECTORS

The names of the Directors of ReNu Energy Limited in office during the half year and until the date of this report are as follows.

Keith Spence (Non-executive Chairman) Resigned 25 November 2016
Jack Hamilton (Non-executive Chairman) Appointed Chairman 25 November 2016
George Miltenyi (Non-executive Director)
Richard Brimblecombe (Non-executive Director)
Christopher Murray (Managing Director & CEO)

Directors were in office for this entire period unless otherwise stated.

COMPANY SECRETARY

Tim Pritchard

CORPORATE STRUCTURE

ReNu Energy Limited is a company limited by shares, incorporated and domiciled in Australia. It listed on the Australian Securities Exchange on September 2002 under code GDY. The company changed its name from Geodynamics Limited to ReNu Energy Limited (ASX: RNE) on 30 November 2016. Its registered office and principal place of business is Level 1, 9 Gardner Close, Milton QLD 4064.

PRINCIPAL ACTIVITIES

The principal activities of ReNu Energy Limited during the half were focussed on progressing the bioenergy opportunities brought to the business through the acquisition of Quantum Power in September 2015 while also accelerating our search for profitable growth investments in the clean technology sectors which are complementary to the Quantum business.

While actively seeking diversification opportunities we have continued to progress activities required for the remediation of our geothermal tenements in the Cooper Basin in accordance with the relevant state regulations and environmental requirements.

DIRECTORS' REPORT (Continued)

REVIEW AND RESULTS OF OPERATIONS

The Group realised a loss before tax for the financial period as set out below:

	6 months ended 31 December 2016 \$000	6 months ended 31 December 2015 \$000
Loss before income tax expense	(2,378)	(824)
Net loss attributable to members of ReNu Energy Limited	(2,378)	(824)
Earnings per Share	(cents)	(cents)
Basic and diluted loss per share	(0.42)	(0.17)

The key achievements and highlights for the 6 months to 31 December 2016 were as follows:

- Continued remediation of the Cooper Basin Geothermal project
- Secured grant funding for the Goulburn Bioenergy project
- Materially completed the EPC projects on foot at the time of the Quantum acquisition
- Developed the new brand – ReNu Energy
- Expanded offering to include solar PV, battery and hybrid solutions

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the Class Order applies.

DIRECTORS' REPORT (Continued)

AUDITOR INDEPENDENCE DECLARATION

The Directors have obtained an independence declaration from our auditors, Ernst & Young, which can be found on page 19 of the Half Year Report.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed in accordance with a resolution of the Directors

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, representing the signature of J. Hamilton.

J. Hamilton

Chairman

Brisbane, 24 February 2017



Half Year Financial Report ended 31 December 2016

ABN 55 095 006 090

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Release Statement

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

		6 months ended 31 December 2016	6 months ended 31 December 2015
	Note	\$'000	\$'000
Interest Revenue		150	382
Site Revenue		37	108
Project Revenue		127	-
Total Revenue		314	490
Other Income	3C	282	1,624
Personnel expenses	3A	(1,376)	(1,303)
Exploration and Evaluation Costs	3B	-	-
Other Operating Expenses		(158)	(338)
Other General & Administrative Expenses	3C	(1,440)	(1,231)
Share of Loss in Associate		-	(66)
Total Expenses		(2,692)	(1,314)
Profit/(Loss) before Income Tax		(2,378)	(824)
Income Tax Benefit		-	-
Profit/(Loss) after Income Tax attributable to the Owners of the Parent		(2,378)	(824)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss after tax			
Exchange differences on translation of foreign operations		4	-
Other Comprehensive Income for the period		4	-
Total Comprehensive Loss for the period attributable to the Owners of the Parent		(2,374)	(824)
Basic and Diluted Loss per share (cents per share)	12	(0.42)	(0.17)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		31 December 2016	30 June 2016
	Note	\$'000	\$'000
Current Assets			
Cash and Cash Equivalents	4	10,394	14,406
Receivables	5	4,315	5,048
Inventories		152	1,229
Assets Held for Sale		244	250
Total Current Assets		15,105	20,933
Non Current Assets			
Property, Plant and Equipment	6	1,598	28
Intangible Assets	7	1,000	1,000
Total Non Current Assets		2,598	1,028
Total Assets		17,702	21,961
Current Liabilities			
Payables	8	1,688	3,016
Provisions	9	914	1,516
Total Current Liabilities		2,602	4,532
Non Current Liabilities			
Provisions	9	305	291
Total Non Current Liabilities		305	291
Total Liabilities		2,907	4,823
Net Assets		14,796	17,138
Equity			
Issued Capital	10	351,908	351,908
Other Reserves	11	44	8
Accumulated Losses		(337,156)	(334,778)
Total Equity		14,796	17,138

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

		6 months ended 31 December 2016	6 months ended December 2015
	Note	\$'000	\$'000
Cash Flows from/(used in) Operating Activities			
Customer Receipts		316	180
Net Goods and Services Tax received		458	252
Payments to suppliers and employees		(3,687)	(4,330)
Interest Received		169	346
Net cash flows used in Operating Activities		(2,744)	(3,552)
Cash Flows from/(used in) Investing Activities			
Proceeds from Government Grants		-	350
Proceeds from R&D Tax Incentive		-	2,012
Purchase of Property, Plant & Equipment		(652)	(404)
Payments for Exploration and Evaluation expenditure		(954)	(1,822)
Proceeds from joint venture recoveries		241	860
Proceeds from sale of property, plant & equipment		97	152
Cash from Quantum Power acquisition		-	403
Payments for Quantum acquisition (including working capital)		-	(1,527)
Net cash flow from/(used in) investing activities		(1,268)	24
Cash Flows from Financing Activities			
Net cash flow provided by financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		(4,012)	(3,528)
Add: Opening cash and cash equivalents carried forward		14,406	28,000
Closing cash and cash equivalents carried forward	4	10,394	24,472

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2016	Issued Capital \$'000	Employee Equity Benefits Reserve \$'000	Foreign Currency Translation Reserve \$'000	Accumulated Losses \$'000	Total Equity \$'000
At 1 July 2016	351,908	-	8	(334,778)	17,138
Loss for the period	-	-	-	(2,378)	(2,378)
Other comprehensive income	-	-	4	-	4
Total loss for the period	-	-	4	(2,378)	(2,374)
Equity Transactions:					
Cost of share-based payment - recognition of SARs	-	32	-	-	32
At 31 December 2016	351,908	32	12	(337,156)	14,796

FOR THE HALF YEAR ENDED 31 DECEMBER 2015					
At 1 July 2015	348,338	11,230	5	(335,314)	24,259
Loss for the period	-	-	-	(824)	(824)
Other comprehensive income	-	-	-	-	-
Total loss for the period	-	-	-	(824)	(824)
Equity Transactions:					
Shares issued in consideration of Quantum Power acquisition	3,570	-	-	-	3,570
Cost of share-based payment - recognition of share option	-	(19)	-	-	(19)
At 31 December 2015	351,908	11,211	5	(336,138)	26,986

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – CORPORATE INFORMATION

The condensed consolidated financial statements of ReNu Energy Limited (formerly Geodynamics Limited), and its subsidiaries (collectively the Group) for the half year ended 31 December 2016 was authorised in accordance with a resolution of the Directors on 23 February 2017.

ReNu Energy Limited is a Company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. Its registered office and principal place of business is Level 1, 9 Gardner Close, Milton QLD 4064.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2016 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act* 2001. The half year financial report has been prepared on a historical cost basis and going concern basis and is presented in Australian dollars. For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half year report be read in conjunction with the annual report for the year ended 30 June 2016 and considered together with any public announcements made by ReNu Energy Limited during the half year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules. The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2016.

B. Joint Arrangements

In prior years the Company was a party to two joint operations named the Innamincka 'Deeps' Joint Venture and the Innamincka 'Shallows' Joint Venture. Although named 'Joint Venture' the arrangements are accounted for as Joint Operations. The joint operations with Origin Energy Limited were formed to explore and evaluate enhanced geothermal systems in the Cooper/Eromanga basin in South Australia. The joint operations comprised South Australian geothermal tenements and all property plant and equipment for use in the Cooper/Eromanga basin. At 30 June 2013, Origin Energy Limited withdrew from the joint operations. Coincident with the withdrawal, the Company became the 100% participant in the arrangement and obtained control of its geothermal tenements and all property plant and equipment. Operations have now ceased in the Cooper Basin and plans are progressing for the rehabilitation of the site.

Under the Joint Venture agreement, Origin Energy remain liable for their share of rehabilitation expenditure for a period of five years from the date of withdrawal.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

C. Going Concern

With the acquisition of Quantum Power in September 2015 the group has future revenue growth potential. Two major projects have been contracted since the acquisition was completed and the group has a strong business development pipeline of future potential projects. However, due to the formative nature of the biogas business in the group, the ability of the group to continue as a going concern is dependent on its ability to secure appropriate projects and related funding for project investment, and to manage cash resources effectively. In the event that appropriate projects and funding is not secured, the entity may not be able to realise the value of its assets and extinguish its liabilities in the ordinary course of business as a going concern.

A major focus of the Board and management is on ongoing cash flow management to ensure that the Group always has sufficient funds to cover its planned activities and any ongoing obligations. At 31 December 2016, the Directors are satisfied the Group has sufficient funds to extinguish creditors and liabilities in the ordinary course of business for at least the next 12 months from the date of signing this report which is further supported by the ReNu Energy net asset position. The group has identified a pipeline of projects and is actively progressing their evaluation and planning. As such the directors believe that the combination of the expertise of management and progress to date will result in the group securing and completing lucrative projects and accordingly have applied the going concern basis of accounting in preparing the financial statements. No adjustment has been made to recorded assets and liability amounts and classifications should the group not continue as a going concern.

ReNu Energy continues to actively monitor developments in clean energy markets and technologies to assess opportunities to acquire interests in projects or companies complimentary to its current projects where it is able to utilise its skills and capacity to develop further clean energy products and services that provide an acceptable return for shareholders.

D. Share Appreciation Rights

On 16 December 2016, the Company issued 20,000,000 share appreciation rights ("SARs") to Mr Christopher Murray (Managing Director and Chief Executive Officer). The issue of the SARs was in accordance with the Company's Share Appreciation Rights Plan (the "Plan") which was introduced and approved by shareholders at the Company's Annual General Meeting on Thursday 28 November 2013.

A SAR is a right to receive either or both, a cash payment or shares in the Company, as determined by the Board, subject to the Company satisfying certain conditions including performance conditions.

The SARs have been issued in two tranches. The first tranche totalled 10,000,000 SARs with a fair value of \$0.00347 per share and with the earliest vesting date being 11 January 2018. The second tranche totalled 10,000,000 SARs with a fair value of \$0.00458 and with the earliest vesting date being 11 January 2019.

The performance conditions are based on growth in the Company's share price.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

E. Business Combinations and Goodwill

Business combinations are accounted for by applying the acquisition method of accounting, whereby the identifiable assets, liabilities and contingent liabilities (identifiable net assets) are measured on the basis of fair value at the date of acquisition.

Where the fair value of consideration paid for a business combination exceeds the fair value of the Company's share of the identifiable net assets acquired, the difference is treated as purchased goodwill. Where the fair value of the Company's share of the identifiable net assets acquired exceeds the cost of acquisition, the difference is immediately recognised in the Statement of Comprehensive Income as income.

Goodwill is not amortised, however its carrying amount is assessed annually against its recoverable amount. To the extent the carrying amount of goodwill exceeds the recoverable value of the cash generating unit, the goodwill is impaired and the impairment loss is charged to the profit or loss so as to reduce the carrying amount in the Statement of Financial Position to its recoverable amount.

On the subsequent disposal or termination of a previously acquired business, any remaining balance of associated goodwill is included in the determination of the profit or loss on disposal or termination.

For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

F. Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount of the cash generating unit is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for a cash-generating unit (CGU). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

G. Comparative Figures

When required by Accounting Standards, comparative figures are adjusted to conform to changes in presentation for the current financial year. Certain comparative financial information presented in the Statement of Comprehensive Income, and Statement of Cash Flows have been reclassified in this financial report to improve the presentation of information. The reclassification results in no net change to loss or cash flows for the comparative period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 3A – PERSONNEL EXPENSES

	6 months ended 31 December 2016 \$'000	6 months ended 31 December 2015 \$'000
Loss before income tax has been determined after charging/(crediting) the following specific items:		
Share Based Payments Expense	32	(19)
Employee Expenses	1,344	1,322
	1,376	1,303

NOTE 3B – EXPLORATION AND EVALUATION COSTS

	6 months ended 31 December 2016 \$'000	6 months ended 31 December 2015 \$'000
Loss before income tax has been determined after charging/(crediting) the following specific items:		
Expenditure for the period	175	2,002
Origin cost reimbursement	69	-
Change in Rehabilitation	(140)	(1,193)
Proceeds from Government Grants	-	(350)
R&D Tax Incentive ¹	(104)	(459)
	-	-

¹ R&D expenditure is recognised as a contra to exploration and evaluation costs to the extent it reduces the expenditure to \$nil. To the extent the R&D incentive received or receivable exceeds exploration and evaluation costs for the year, the residual amount is classified as other income in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 3C – OTHER EXPENSES AND LOSSES/(GAINS)	6 months ended 31 December 2016 \$'000	6 months ended 31 December 2015 \$'000
Loss before income tax has been determined after charging/(crediting) the following specific items:		
Depreciation of plant and equipment and Amortisation of leasehold improvements	6	38
Operating lease rentals paid	77	88
Foreign exchange loss	1	9
Loss on disposal of property, plant & equipment	-	8
Recovery of prior period expenditure from previous joint venture party	-	(348)
Equipment Sales	-	(66)

NOTE 4 – CASH AND CASH EQUIVALENTS	31 December 2016 '000	30 June 2016 \$'000
Cash at Bank	1,457	600
Short-term Deposits	8,937	13,806
	10,394	14,406

NOTE 5 – RECEIVABLES (CURRENT)	31 December 2016 \$'000	30 June 2016 \$'000
GST Receivable	53	375
Interest Receivable	28	47
R&D Tax Incentive Receivable	3,846	3,471
Other Receivables	388	1,155
	4,315	5,048

Accounts receivable, GST receivable, interest receivable and sundry receivables are non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 6 – PROPERTY, PLANT & EQUIPMENT	31 December 2016 \$'000	30 June 2016 \$'000
Plant and Equipment at cost	24,630	23,053
Less: accumulated depreciation and impairment	(23,032)	(23,025)
Total Property, Plant and Equipment	1,598	28
<i>Reconciliation of Plant & Equipment</i>		
Carrying amount at period beginning	28	1,364
Additions	1,575	7
Acquisitions	-	483
Disposals	-	(342)
Reclassification to Assets Held for Sale	1	(1,082)
Depreciation/Amortisation Expense	(6)	(489)
Depreciation written back on disposal of assets	-	87
Carrying amount at the period end	1,598	28

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 7 – INTANGIBLES	31 December 2016 \$'000	30 June 2016 \$'000
Intangibles (including goodwill) at cost	5,096	5,096
Less: accumulated amortisation and impairment	(4,096)	(4,096)
Total Intangibles	1,000	1,000
<i>Reconciliation of Intangibles (including goodwill)</i>		
Opening Balance (Goodwill)	1,000	-
Acquisitions – Customer Contracts	-	1,000
Acquisitions – Goodwill	-	4,096
Impairment	-	(3,096)
Amortisation of Customer Contracts	-	(1,000)
Carrying amount at the end	1,000	1,000

At 31 December 2016, the carrying amount of intangibles reflects only goodwill acquired as part of the Quantum Power business combination. All other intangibles acquired as part of the business combination have been fully amortised.

The goodwill is allocated to the Group's Biogas Energy CGU. Consistent with 30 June 2016, fair value less cost of disposal (FVLCD) has been used to measure recoverable amount because generating cash flows requires significant expansionary capital to generate sustainable revenues and profit.

The Group has reviewed its measured FVLCD using a discounted cash flow model and no impairment was indicated. The recoverable amount is classified as a level 3 fair value measurement under the fair value hierarchy.

The cash flows used by the Group to estimate FVLCD are based on seven (7) year period with a terminal value calculation (based on EBITDA multiples in the seventh year). The cash flows assume the Biogas Energy CGU develops a portfolio of Build, Own, Operate and Maintain ("BOOM") projects during the seven year period. The forecast cash flows are discounted using a post-tax, equity rate of return of 20% (30 June 2016: 20%).

The forecast cash flows include a number of key, judgmental assumptions including:

- Capital cost of the BOOM facilities;
- Availability of debt and/or equity finance to fund the expansionary capital;
- Power Purchase Agreement revenues;
- Timing and number of BOOM projects identified and executed by the Group;
- EBITDA multiple in year seven; and
- Discount rate.

The calculated FVLCD is sensitive to the above assumptions. Should the Group not achieve the forecast expansion timetable (including the number of projects), not be able to access debt or equity funding, or experience cost and capital overruns impairment could result. In addition an increase in the discount rate could also lead to impairment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 8 – ACCOUNTS PAYABLE

	31 December 2016 \$'000	30 June 2016 \$'000
Current		
Trade Creditors	1,276	2,285
Accrued and other Liabilities	412	731
Trade creditors and accruals	1,688	3,016

Terms and conditions

Accounts payable and accrued liabilities are non-interest bearing. Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group. All amounts are normally settled within 30 days, and discounts for early payment are normally taken where it is considered advantageous for the Group to do so. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

NOTE 9 – PROVISIONS

	Employee Entitlements \$'000	Rehabilitation Provision \$'000	Rectification Provision \$'000	Other Provisions \$'000	Total Provisions \$'000
At 30 June 2016	262	770	655	120	1,807
Arising during the year	116	-	120	-	236
Utilised	(162)	(140)	(402)	(120)	(824)
At 31 December 2016	216	630	373	-	1,219
Current December 2016	111	430	373	-	914
Non current December 2016	105	200	-	-	305
	216	630	373	-	1,219
Current June 2016	171	570	655	120	1,516
Non current June 2016	91	200	-	-	291
At 30 June 2016	262	770	655	120	1,807

The rehabilitation provision relates to the remaining rehabilitation of the Cooper Basin site including the wells and surface rehabilitation.

The rectification provision relates to the remaining rectification of the legacy Quantum Power projects.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 10 – ISSUED CAPITAL

		31 December 2016 \$'000	30 June 2016 \$'000
Authorised Shares			
563,368,990 (2016 – 563,368,990) fully paid ordinary shares		351,908	351,908
		NUMBER OF SHARES	ISSUE PRICE \$ PER SHARE
MOVEMENT IN ORDINARY SHARE CAPITAL:			\$'000
30/06/15	Balance end of financial year	435,880,130	348,338
	Ordinary Shares Issued for Quantum Acquisition	127,488,860	0.028
30/06/16	Balance end of financial year	563,368,990	351,908
	NIL Movement	-	-
31/12/16	Balance	563,368,990	351,908

Terms and Conditions of contributed equity

Ordinary Shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern and to maintain a structure that ensures the lowest cost of capital available to the entity. As the entity is not in position to be debt funded until it advances its projects to a completed feasibility phase which has the support of financiers, it must rely totally on cash reserves and government grants for its funding requirements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 11 – RESERVES	31 December 2016 \$'000	30 June 2016 \$'000
Employee SARs Reserve	32	-
Foreign Currency Translation Reserve	12	8
	44	8
Reconciliation of Reserves		
Carrying amount at beginning	8	11,235
Recognition of SARs Expense	32	(132)
Recognition of Foreign Currency Translation Reserve	4	3
Transfer of Reserves to Retained Earnings	-	(11,098)
	44	8

Nature and purpose of reserves

Employee SARs reserve

The employee SARS reserve is used to record the value of share appreciation rights granted to employees, including key management personnel, as part of their remuneration.

Foreign currency translation reserve

This reserve records the differences arising as a result of translating the financial statements of subsidiaries recorded in foreign currencies to the presentational currency.

NOTE 12 - EARNINGS PER SHARE	6 months ended 31 December 2016 \$'000	6 months ended 31 December 2015 \$'000
Basic and diluted earnings/(loss) per share attributable to the equity holders (cents per share)	(0.42)	(0.17)
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net loss attributable to equity shareholders (\$'000)	(2,378)	(824)
Weighted average number of ordinary shares used in calculation of basic earnings per share	563,368,990	478,143,560

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 13 - SEGMENT INFORMATION

The Group operates in two segments, being geothermal energy exploration and evaluation and biogas energy.

Operating segments are identified on the basis of internal reports that are regularly reviewed and used by the Board of Directors (chief operating decision maker) in order to allocate resources to the segment and assess its performance. The financial information presented in the Statements of Comprehensive Income and Financial Position is the same as that presented to the chief operating decision maker.

Unless otherwise stated, all amounts reported to the Board of Directors as the chief operating decision maker are in accordance with the entity's accounting policies.

With the acquisition of Quantum Power Limited in September 2015 the group now has 2 operating segments identified on the basis of internal reports that are regularly reviewed and used by the Board of Directors and key operating decision makers for the purpose of making decisions about resource allocation and performance assessment.

Segment Information

The following table represents financial information for the Group's operating segments for the six months ended 31 December 2016

Half Year Ended 31 December 2016	Geothermal \$'000	Biogas Energy \$'000	Corporate Overheads \$'000	Adjustments and Eliminations \$'000	Consolidated \$'000
Results					
Segment Profit/(Loss)	40	(1,355)	(1,063)		(2,378)
Assets					
	4,223	8,646	12,050	(7,217)	17,702
Liabilities					
	1,855	7,930	339	(7,217)	2,907
Half Year Ended 31 December 2015	Geothermal \$'000	Biogas Energy \$'000	Corporate Overheads \$'000	Adjustments and Eliminations \$'000	Consolidated \$'000
Results					
Segment Profit/(Loss)	895	(1,719)	-	-	(824)
Assets at 30 June 2016					
	5,115	8,169	14,517	(5,885)	21,916
Liabilities at 30 June 2016					
	2,919	7,160	629	(5,885)	4,823

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 14 – CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date there has been no material change in contingent liabilities or contingent assets.

NOTE 15 – SUBSEQUENT EVENTS

There has not arisen between 31 December 2016 and the date of this report any item, transaction or event of a relevant and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of ReNu Energy Limited, I state that:

1. In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half year ended on that date of the consolidated entity;
 - ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

J. Hamilton

Chairman

Brisbane 24 February 2017

Auditor's Independence Declaration to the Directors of ReNu Energy Limited

As lead auditor for the review of ReNu Energy Limited for the half year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of ReNu Energy Limited and the entities it controlled during the financial period.



Ernst & Young



Mike Reid
Partner
24 February 2017

To the members of ReNu Energy Limited

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of ReNu Energy Limited which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year or from time to time during the half year.

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 controls as the directors determine are 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 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 2016 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 ReNu Energy Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' 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 ReNu 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 2016 and of its performance for half year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Mike Reid
Partner
Brisbane
24 February 2017