windlab
LIMITED

ASX RELEASE

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21 August 2018

WINDLAB RESULTS IN LINE WITH EXPECTATIONS - STRONG OPERATING PERFORMANCE

Windlab Limited (ASX: WND) has today released its half year results for the six months ended 30 June 2018.

Windlab's financial result was in line with expectations, reflecting a planned concentration of development revenue in the second half of the year. Revenue totalled $1.84m, including approximately $1.7m in recurring revenues, a 40% increase on the prior comparative period. Costs were well controlled and focussed on progressing late stage development assets (notably Lakeland and Miombo Hewani) through approval and towards financial close. The company reported a modest loss for the period after tax of $1.3m.

Recurring revenue growth was driven by asset management fees increasing by around $500k period-on-period. This growth was augmented by a $670k increase in share of profit from associates, represented by Windlab's 25% share in the operating profit of the Kiata Wind Farm in North West Victoria. Kiata began operation in late 2017 and contributed a full six months' operational performance to 30 June. With a capacity factor in excess of 45% this was the second best performing wind farm in Australia behind Coonooer Bridge, another Windlab developed project. Cash distributions from Kiata were $997k for the first half, including the return of an unused contingency amount which was not recognised as profit.

Windlab applied AASB15 *Revenue* for the first time from 1 January 2018. The standard has little impact on current or future revenue, but did result in an adjustment of $2.9m to opening balances of inventories for projects sold in previous periods. This adjustment was taken to opening retained earnings and the future success fees relating to those projects disclosed as contingent assets.

Windlab will be holding a briefing for investors and analysts at 10am AEDT on 22 August 2018:

> Join from PC, Mac, Linux, iOS or Android: https://windlab.zoom.us/j/897215197
> Or iPhone one-tap : Australia: +61871501149,,897215197# or +61280152088,,897215197#
> Or Telephone: Dial (for higher quality, dial a number based on your current location):
> Australia: +61 (0) 8 7150 1149 or +61 (0) 2 8015 2088 Meeting ID: 897 215 197
> International numbers available: https://zoom.us/u/eanlorPO7

ENDS

For further information please contact:

Roger Price	Rob Fisher
Executive Chairman	Chief Financial and Operating Officer
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Appendix 4D

Half Year Report

1. COMPANY DETAILS

Name of Entity	Windlab Limited

ABN or equivalent company reference	Half year ended ('current period')	Half year ended ('previous period')
26 104 461 958	30 June 2018	30 June 2017

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

		Percentage change			$
2.1	Total revenue from ordinary activities	Down	65.6%	To	1,837,519
2.2	Profit for the period after tax	Down	303.4%	To	(1,315,778)
2.3	Net profit for the period attributable to the owners of Windlab Limited	Down	298.7%	To	(1,304,794)
2.4	Dividends	No dividends			

2.5 **Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood:**

Please refer to the Operating and Financial Review' section of the Directors' report in the half-year 2018 accounts.

Results are in line with expectation and reflect the key CY2018 project development revenue event occurring in the 2nd half of the calendar year as planned.

3. NTA BACKING

	30 JUNE 2018 CENTS	31 DEC 2017 CENTS
Net tangible backing per ordinary share	79.1	84.8

4. CONTROL GAINED OVER ENTITIES/LOSS OF CONTROL OVER ENTITIES

The group did not gain or lose control of any entities during the reporting period.

5. DIVIDENDS

No dividends were paid or payable in the current or the previous corresponding period.

6. DIVIDEND REINVESTMENT PLANS

The company does not operate a dividend reinvestment plan.

7. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

	GROUP'S SHARE OF ASSOCIATES AND JOINT VENTURE ENTITIES	CURRENT PERIOD $	PREVIOUS CORRESPONDING PERIOD $
NAME OF ASSOCIATE/JOINT VENTURE ENTITY	OWNERSHIP INTEREST	ENTITY NET PROFIT/(LOSS) AFTER TAX	ENTITY NET PROFIT/(LOSS) AFTER TAX
Kennedy Energy Park Pty Ltd	Current period: 50% Previous corresponding period: 50%	(24,892)	(27,420)
CBWF Holdings Pty Ltd	Current period: 3.5% Previous corresponding period: 3.5%	-	-
Kiata Wind Farm Holdings Pty Ltd	Current period: 25% Previous corresponding period: 25%	2,754,204	-

8. FOREIGN ENTITIES

Not applicable.

9. IF THE ACCOUNTS ARE SUBJECT TO AUDIT DISPUTE OR QUALIFICATION

The financial report has been independently reviewed. The financial report is not subject to a modified independent auditors' review report.

Windlab Limited

ABN 26 104 461 958

Interim Financial Statements
For the half-year ended 30 June 2018

Level 4
60 Marcus Clarke Street
Canberra ACT 2601
AUSTRALIA

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Corporate information

ABN 26 104 461 958

Directors

Roger Price- Executive Chairman and Chief Executive Officer
John Cooper- Independent Non-Executive Director
Pippa Downes- Independent Non-Executive Director
Charles Macek- Independent Non-Executive Director
Joseph O'Brien- Independent Non-Executive Director

Joint Company Secretaries

Robert Fisher
Andrew Cooke

Registered Office

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Australia

Principal Place of Business

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Share Register

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Enquires outside Australia: +61 3 9415 4000
Email: web.queries@computershare.com.au
Web: www.computershare.com.au

Solicitors

Dentons Australia Pty Ltd
77 Castlereagh Street
Sydney, NSW 2000
Australia

Bankers

Commonwealth Bank
Level 1, Bank House Cnr London Circuit & Ainslie Ave
Canberra ACT 2601

Auditors

Grant Thornton Audit Pty Ltd
Level 17, 383 Kent Street
Sydney NSW 2000

Directors' Report

The Directors of Windlab Limited (Windlab) present their Report together with the financial statements of the Consolidated Entity, being Windlab Limited ('the Company') and its Controlled Entities ('the Group') for the half-year ended 30 June 2018.

Director details

The following persons were Directors of Windlab during or since the end of the financial half-year:

- Roger Price
- Joseph O'Brien
- Pippa Downes
- Charles Macek
- John Cooper

Review of operations and financial results

The first half of 2018 saw Windlab progress development of its portfolio across all markets, achieving significant milestones on a number of projects; both Lakeland Wind Farm in Queensland and Miombo Hewani Wind Farm in Tanzania received development approval. Development of other sites across the portfolio continues as planned, and Windlab has secured additional capacity in a number of markets this half. Development costs, both capitalised and expensed, were broadly consistent with the prior comparable period. Development revenue is expected to be concentrated in the second half of 2018.

Kiata Wind Farm in Victoria completed its first six months of operations with a capacity factor of 46%, making it the second best performing wind farm in the National Electricity Market after Coonooer Bridge. Kiata distributed a little under $1 million in cash to Windlab in the half. Coonooer Bridge has operated profitably within expectations throughout the half, and is expected to pay cash dividends in H2 2018.

Asset management revenue increased relative to the prior comparative period as Kennedy Energy Park construction fees were recognised along with operating period fees for Kiata. Corresponding costs were closely controlled and margins slightly increased period on period.

Employment costs increased relative to the prior comparative period due to the full year impact of staff hired prior to the IPO, as well as lower capitalisation rates as a larger proportion of work in the period related to earlier stage projects.

New accounting standard AASB15 Revenue was adopted for the first time in this period. The transition to the new standard resulted in a reduction in the carrying values of inventories in relation to incomplete milestone contracts and resulted in $2,941,307 being recognised in opening retained earnings for this period. This change does not represent an impairment or change in the assessment of the fair value of these projects. Refer to notes 3 and 12 for further information.

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 2 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors:

Roger Price
Director

Joseph O'Brien
Director

Dated the 21st day of August 2018

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Auditor's Independence Declaration
To the Directors of Windlab Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Windlab Limited for the half-year ended 30 June 2018. I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

S M Coulton
Partner – Audit & Assurance

Sydney, 21 August 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2018

	Notes	30 June 2018	30 June 2017
		$	$
Revenue from contracts with customers	6,7	1,837,519	5,336,638
Other income		345,391	580,514
Share of profit/(loss) from associates	11	676,105	(13,710)
Project expenses		(374,609)	(618,895)
Employee expenses		(3,090,459)	(2,224,865)
Administration expenses		(1,256,044)	(1,560,608)
EBITDA		**(1,862,097)**	**1,499,074**
Depreciation and amortisation expenses		(62,082)	(82,834)
Finance costs		(64,683)	(683,464)
(Loss)/profit before tax		**(1,988,862)**	**732,776**
Tax benefit/(expense)		673,084	(85,733)
(Loss)/profit for the period		**(1,315,778)**	**647,043**
Other comprehensive income			
Items that may be reclassified subsequently to the profit or loss			
Exchange differences on translating foreign operations		340,708	(530,091)
Other comprehensive income/(loss) for the period, net		**340,708**	**(530,091)**
Total comprehensive (loss)/income for the period, net		**(975,070)**	**116,952**
Total comprehensive (loss)/income for the period attributable to			
Owners of the parent		(1,022,690)	202,030
Non-controlling interest		47,620	(85,078)
		(975,070)	**116,952**

	30 June 2018	30 June 2017
	$	$
EARNINGS PER SHARE		
Basic earnings per share	(0.02)	0.08
Diluted earnings per share	(0.02)	0.02

These financial statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 30 June 2018

	Notes	30 June 2018	31 December 2017
		$	$
CURRENT ASSETS			
Cash and cash equivalents		8,310,022	14,230,978
Trade and other receivables		1,597,565	1,559,562
Inventory	8	7,240,579	6,987,513
Prepayments		314,593	506,948
TOTAL CURRENT ASSETS		**17,462,759**	**23,285,001**
NON-CURRENT ASSETS			
Property, plant and equipment		436,168	339,491
Investments accounted for using the equity method	11	43,316,842	43,638,003
Investments at fair value	11	522,372	522,372
Inventory	8	4,656,895	5,161,273
Prepayments		159,966	174,310
TOTAL NON-CURRENT ASSETS		**49,092,243**	**49,835,449**
TOTAL ASSETS	7	**66,555,002**	**73,120,450**
CURRENT LIABILITIES			
Trade and other payables		1,714,188	1,799,531
Interest bearing liabilities		2,941,846	2,785,729
Income tax payable		2,657,334	3,727,765
Deferred revenue		310,203	603,166
Employee benefit liabilities		977,322	1,083,839
TOTAL CURRENT LIABILITIES		**8,600,893**	**10,000,030**
NON-CURRENT LIABILITIES			
Other payables		17,390	-
Interest bearing liabilities		-	2,000,000
Deferred tax liability		4,360,440	3,963,093
Employee benefit liabilities		259,376	210,785
TOTAL NON-CURRENT LIABILITIES		**4,637,206**	**6,173,878**
TOTAL LIABILITIES	7	**13,238,099**	**16,173,908**
NET ASSETS		**53,316,903**	**56,946,542**
EQUITY			
Issued capital		53,535,973	53,493,393
Accumulated (loss)/profit		(796,957)	2,030,816
Reserves		579,864	354,963
Capital and reserves attributable to owners of Windlab		53,318,880	55,879,172
Non-controlling interests		(1,977)	1,067,370
TOTAL EQUITY		**53,316,903**	**56,946,542**

These financial statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2018

	ATTRIBUTED TO THE EQUITY HOLDERS OF THE PARENT						
	Ordinary	Accumulated Profits/(losses)	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total Attributable to Owners of Parent	Non-Controlling Interests	Total Equity
	$	$	$	$	$	$	$
As at 1 January 2018 (reported)	**53,493,393**	**2,030,816**	**655,387**	**(300,424)**	**55,879,172**	**1,067,370**	**56,946,542**
Initial adoption of AASB 15	-	(1,522,979)	-	(301,361)	(1,824,340)	(1,116,967)	(2,941,307)
As at 1 January (restated)	**53,493,393**	**507,837**	**655,387**	**(601,785)**	**54,054,832**	**(49,597)**	**54,005,235**
(Loss) for the period	-	(1,304,794)	-	-	(1,304,794)	(10,984)	(1,315,778)
Other comprehensive income	-	-	-	282,104	282,104	58,604	340,708
Total Comprehensive income	**53,493,393**	**(796,957)**	**655,387**	**(319,681)**	**53,032,142**	**(1,977)**	**53,030,165**
Issue of share capital	42,580	-	-	-	42,580	-	42,580
Share based payment charge	-	-	244,158	-	244,158	-	244,158
Balance at 30 June 2018	**53,535,973**	**(796,957)**	**899,545**	**(319,681)**	**53,318,880**	**(1,977)**	**53,316,903**

These financial statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2017

	ATTRIBUTED TO THE EQUITY HOLDERS OF THE PARENT								
	Ordinary	Series A Preference Shares	Warrants	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total Attributable to Owners of Parent	Non-Controlling Interests	Total Equity
	$	$	$	$	$	$	$	$	$
As at 1 January 2017	**935,744**	**18,072,784**	**7,082**	**(7,484,359)**	**401,637**	**304,732**	**12,237,620**	**1,166,610**	**13,404,230**
Profit/(loss) for the period	-	-	-	656,712	-	-	656,712	(9,669)	647,043
Other comprehensive income	-	-	-	-	-	(454,682)	(454,682)	(75,409)	(530,091)
Total Comprehensive income	**-**	**-**	**-**	**656,712**	**-**	**(454,682)**	**202,030**	**(85,078)**	**116,952**
Issue of share capital	18,500	-	-	-	-	-	18,500	-	18,500
Share based payment charge	-	-	-	-	80,617	-	80,617	-	80,617
Balance at 30 June 2017	**954,244**	**18,072,784**	**7,082**	**(6,827,647)**	**482,254**	**(149,950)**	**12,538,767**	**1,081,532**	**13,620,299**

These financial statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the half-year ended 30 June 2018

	30 June 2018	30 June 2017
	$	$
OPERATING ACTIVITIES		
Receipts from customers	1,982,090	5,600,374
Payments to suppliers and employees	(5,187,406)	(4,161,665)
Payments for inventory	(1,498,607)	(1,102,633)
Interest received	31,082	26,271
Finance costs	(151,070)	(706,798)
Net cash (used in) operating activities	**(4,823,911)**	**(344,451)**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(149,786)	(83,248)
Proceeds from sale of property, plant and equipment	528	-
Security deposits	(11,224)	-
Distributions from associates	997,266	-
Investments in associates	-	(260,000)
Net cash from/(used in) investing activities	**836,784**	**(343,248)**
FINANCING ACTIVITIES		
Proceeds from issue of share capital	42,580	18,500
Repayments of borrowings	(1,945,203)	-
Net cash (used in)/from financing activities	**(1,902,623)**	**18,500**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(5,889,750)**	**(669,199)**
Cash and cash equivalents, beginning of period	14,230,978	8,593,153
Effects of foreign exchange differences on cash and cash equivalents	(31,206)	(87,755)
CASH AND CASH EQUIVALENTS, END OF PERIOD	**8,310,022**	**7,836,199**

These financial statements should be read in conjunction with the accompanying notes.

Notes to the Condensed Interim Consolidated Financial Statements

1 Nature of operations

Windlab is an international renewable wind energy development company. The company participates in wind generation projects from inception through development, financing, construction and the asset management of operating wind farms.

Windlab currently has a geographically diverse development portfolio of forty eight projects. These projects are at various stages of development and represent an estimated total potential capacity of more than 7,000 MWs. In addition to its development pipeline, Windlab has equity interests in three projects in Australia from which it will derive equity distributions (Coonooer Bridge Wind Farm, Kiata Wind Farm and Kennedy Energy Park). It also has a commercial interest in a project in South Africa (West Coast One) from which it receives ongoing royalty payments. Windlab performs asset management services for four projects in Australia (Coonooer Bridge, Ararat, Kennedy, and Kiata).

2 General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 30 June 2018 and are presented in Australian Dollars, which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2017 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001.*

AASB *15 Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of financial statements. The nature and effect of changes arising from these standards are summarised in Note 3 and Note 4.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 21st August 2018.

3 New standard, interpretations of amendments adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* which became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of financial statements. The nature and effect of changes arising from these standards are summarised below:

AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new Standard has been applied as at 1 January 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 January 2018 and comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 January 2018.

The adoption of AASB 15 has mainly affected the treatment of project sales with success fee revenue.

Project sale transactions contain a range of different terms and conditions and each contract has been evaluated separately to properly capture the impact of those terms. Generally, revenue from projects will be recognised when the performance obligations of the contract are met, except to the extent that variable elements of the transaction price cannot be recognised due to uncertainty of the future amount or timing of those elements. In most cases this uncertainty is resolved as projects approach or reach financial close.

As at 1 January 2018 Windlab identified two incomplete contracts. In both cases a small fee was received in prior years, with a much larger success fee due on or around financial close. Both of these success fees are determined based on the ultimate size of a larger project of which Windlab's project forms part, and no success fee revenue was recognised under the previous revenue standard AASB 118 *Revenue* on the basis that Windlab retained "risks and rewards of ownership" which also led to both projects being carried on the balance sheet as inventory at 31 December 2017.

Under AASB 15 *Revenue from Contracts with Customers*, these success fees are variable elements of the transaction price (derived from the ultimate capacity of the project in combination with nearby projects owned by the customer) and cannot be recognised due to uncertainty of the future size or timing of those elements. From the Group's experience, this uncertainty is resolved at or about financial close, once development approval is obtained and grid capacity are established. As neither of these two projects had finalised grid capacity at 1 January 2018, the success fee revenue under AASB 15 cannot be recognised.

Based on the requirements of AASB15, it was determined that control of the assets has passed to the customer prior to 1 January 2018 and therefore in accordance with AASB15 the carrying value of both projects would have been recognised as a cost of sale in prior years and has been adjusted through opening retained earnings in accordance with the modified retrospective approach. The total adjustment to the opening balance of retained earnings, the foreign currency translation reserve and non-controlling interests arising from the initial application of AASB 15 was $2,941,307 for these two projects.

AASB 9: Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The adoption of AASB 9 has not materially impacted the Group, as:

- receivables and liabilities will still continue to be measured at amortised cost; and
- investments at fair value, will still continue to be measured at fair value through the profit and loss.

4 Changes in significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies as adopted in the Group's last annual financial statements for the year ended 31 December 2017, except as described below. The changes in accounting policies specified below only apply to the current period. The accounting policies included in the Group's last annual financial statements for the year ended 31 December 2017 are the relevant policies for the purposes of comparatives. AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* became effective for periods beginning on or after 1 January 2018. Accordingly, the Group applied AASB 15 and AASB 9 for the first time to the interim period ended 30 June 2018. Changes to the Group's accounting policies arising from these standards are summarised below:

4.1 Revenue

Revenue arises mainly from the sale of projects, sales of services for project development, construction and asset management, royalties and dividends.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group enters into revenue transactions involving the sale of project entities, project assets and sale of services, for the project development, construction and asset management.

In all cases, apart from the sale of project entities, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

4.1 Revenue (continued)

Project Revenue

Generally, revenue from the sale of project assets will be recognised when the performance obligations of the contract are met, except to the extent that variable elements of the transaction price cannot be recognised due to uncertainty of the future size or timing of those elements. These elements of the contract are usually resolved at or near financial close, once development approval is obtained and grid capacity is established.

Project asset sales transactions contain a range of different terms and conditions and each contract will be evaluated on an individual basis to properly capture the impact of those terms.

Where a partial sale of a project entity results in loss of control with a reduced shareholding, a gain on loss of control is recorded under AASB10 *Consolidated Financial Statements*. The gain recognised on loss of control of a project results in the recognition of a corresponding investment. The value of the gain and investment recognised is derived from the project valuation by the acquiring investor(s) including the percentage interest acquired. These gains are recognised as revenue on the basis that sale, or sell-down, of developed or partially developed wind farms is the principal element of the Group's business model and occurs in the ordinary course of business.

Asset Management Services Revenue

The Group provides asset management services to customers in exchange for a fixed monthly fee. Revenue is recognised on a straight-line basis over the term of each contract. As the amount of work required to be performed under these contracts does not vary significantly from month-to-month, the straight-line method provides a faithful depiction of the transfer of goods or services.

Royalties

Future transactions where royalties are included as consideration in a project sale will be assessed under the AASB 15's provisions relating to variable consideration. This will require recognition of royalties on a discounted, risk adjusted basis at financial close, based on estimates of project performance.

The tables below highlight the impact of AASB 15 on the Group's statement of financial position for the interim period ending 30 June 2018. The adoption of AASB 15 did not have an impact on the Group's statement of profit or loss and other comprehensive income and the statement of cash flows.

Statement of Financial Position (Extract) 1 January 2018	**Amounts under AASBs 118 & 111**	**Adjustments**	**Amounts under AASB 15**
Non-Current Assets			
Inventories	5,955,831	(2,941,307)	3,014,524
Total Assets	**69,496,309**	**(2,941,307)**	**66,555,002**
Equity			
Non-controlling interests	1,114,990	(1,116,967)	(1,977)
Foreign currency translation reserve	(18,320)	(301,361)	(319,681)
Retained earnings/(accumulated losses)	726,022	(1,522,979)	(796,957)

Note 7 provides additional disclosures disaggregating revenue by geographical market, major products and services and the timing of revenue recognition.

4.2 Financial Instruments

As the accounting for financial assets and financial liabilities remains largely unchanged from AASB 139, the Group's financial assets and financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

Financial Assets

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and other receivables fall into this category of financial instruments.

Equity instruments at fair value through other comprehensive income (Equity FVTOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVTOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of capital. This treatment has no impact on the current treatment of the equity investments held at cost, as fair value materially approximates cost at 30 June 2018.

Impairment of financial assets

AASB 9's new impairment model depends on whether there has been a significant increase in credit risk.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Financial Liabilities

Classification and measurement

The Group's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequent measurement

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

5 Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2017.

6 Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers.

	For the six months ended June 2018				
	Asset Management Fees	Royalties	Consulting Income	Project Sales	Total
	$	$	$	$	$
Geographical Markets					
Australia	1,434,004	215,814	57,500	-	1,707,318
Africa	-	-	-	-	-
USA	-	-	-	130,201	130,201
Total revenue from contract with customers	**1,434,004**	**215,814**	**57,500**	**130,201**	**1,837,519**
Timing of revenue recognition					
Service transferred over time	**1,434,004**	**215,814**	**57,500**	**130,201**	**1,837,519**

	For the six months ended June 2017				
	Asset Management Fees	Royalties	Consulting Income	Project Sales	Total
	$	$	$	$	$
Geographical Markets					
Australia	1,126,721	-	122,800	-	1,366,238
Africa	-	116,717	-	3,970,400	4,087,117
USA	-	-	-	-	-
Total revenue from contract with customers	**1,126,721**	**116,717**	**122,800**	**3,970,400**	**5,336,638**
Timing of revenue recognition					
Goods transferred at a point in time	-	-	-	3,970,400	3,970,400
Service transferred over time	1,126,721	116,717	122,800	-	1,366,238
Total timing of revenue recognition	**1,126,721**	**116,717**	**122,800**	**3,970,400**	**5,336,638**

There was no impairment losses recognised on receivables and contract assets arising from contracts with customers.

7 Segment reporting

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2018 and 2017, respectively.

Six months ended 30 June 2018	Asset Management	Developments			Total Segments	Other	Consolidated
	Australia	Australia	Africa	USA			
	$	$	$	$	$	$	$
Revenue							
External customer	1,434,004	-	215,814	130,201	1,780,019	57,500	1,837,519
Other revenue	19	90	496	357	962	344,429	345,391
Share of profit from associates	-	676,105	-	-	676,105	-	676,105
Total revenue	**1,434,023**	**676,195**	**216,310**	**130,558**	**2,457,086**	**401,929**	**2,859,015**
Expenses							
Depreciation & Amortisation	7,038	16,568	23,413	673	47,692	14,390	62,082
Project costs	17,374	64,760	271,291	21,184	374,609	-	374,609
Employee benefits expense	793,453	972,943	346,587	65,995	2,178,978	965,313	3,144,291
Finance Costs	2,586	-	-	-	2,586	62,097	64,683
Other Expenses	82,173	21,787	210,717	40,489	356,166	841,210	1,196,376
Foreign Exchange	3	33	-	-	36	5,800	5,836
Segment Profit/(Loss) before tax	**531,396**	**(399,896)**	**(635,698)**	**2,217**	**(502,981)**	**(1,486,881)**	**(1,988,862)**
Total Assets	**392,948**	**49,056,988**	**888,922**	**6,805,489**	**57,144,347**	**9,410,655**	**66,555,002**
Total Liabilities	**263,740**	**615,345**	**456,542**	**336,381**	**1,672,008**	**11,656,091**	**13,328,099**

Six months ended 30 June 2017	Asset Management	Developments			Total Segments	Other	Consolidated
	Australia	Australia	Africa	USA			
	$	$	$	$	$	$	$
Revenue							
External customer	1,126,721	122,800	4,087,117	-	5,336,638	-	5,336,638
Other revenue	9,187	109,373	-	512	119,072	461,442	580,514
Share of profit from associates	-	(13,710)	-	-	(13,710)	-	(13,710)
Total revenue	**1,135,908**	**218,463**	**4,087,117**	**512**	**5,442,000**	**461,442**	**5,903,442**
Expenses							
Depreciation & Amortisation	3,905	2,675	62,841	3,165	72,586	10,248	82,834
Project costs	24,538	215,709	369,376	9,272	618,895	-	618,895
Employee benefits expense	556,054	615,471	342,188	39,464	1,553,177	683,822	2,236,999
Finance Costs	75	-	-	-	75	683,387	683,462
Other Expenses	142,544	4,281	178,180	70,359	395,364	1,024,632	1,419,996
Foreign Exchange	-	(654)	-	-	(654)	129,132	128,478
Segment Profit/(Loss) before tax	**408,792**	**(619,019)**	**3,134,532**	**(121,748)**	**2,802,557**	**(2,069,779)**	**732,778**
Total Assets	**356,210**	**16,875,296**	**900,001**	**9,714,717**	**27,846,224**	**6,992,953**	**34,839,177**
Total Liabilities	**284,531**	**266,222**	**333,419**	**425,515**	**1,309,687**	**19,909,191**	**21,218,878**

8 Inventory

The following tables show the movements in inventory:

	30 June 2018	30 June 2017
	$	$
Current inventory at cost	7,240,579	5,759,952
Non-Current inventory at cost	4,656,895	4,947,855
Total Inventory as 30 June	**11,897,474**	**10,707,807**
Current Inventory		
Carrying amount 31 December	6,987,513	5,301,815
Additions during the year	1,404,258	735,120
Transfer from non-current inventory	-	32,080
Transfer to non-current inventory	(1,472,506)	-
Interest capitalised	95,677	12,007
Exchange differences	225,637	(321,070)
Carrying amount at 30 June	**7,240,579**	**5,759,952**
Non- Current Inventory		
Carrying amount 31 December	5,161,273	5,103,113
First time adoption of AASB15	(2,941,307)	-
Additions during the year	786,818	5,437
Transfer to current inventory	1,472,506	-
Transfer from current inventory	-	(32,080)
Interest capitalised	91,661	56,586
Exchange differences	85,944	(185,201)
Carrying amount at 30 June	**4,656,895**	**4,947,855**

The interest capitalisation rate for 2018 was 9.97% (2017: 10.93%)

No inventory was disposed or impaired during 2018 and 2017. The initial adoption of AASB15: *Revenue from Contracts with Customers* resulted in $2,941,307 of inventory being adjusted to equity. Refer to Note 3.

South African project inventory was written down at 31 December 2016. The South African Government's Renewable Energy Independent Power Producers Procurement Program (REIPPPP) has experienced significant delays in both announcing successful projects and seeing those projects reach financial close. These delays create material uncertainty about the likely timing of realisation of the Group's remaining South African projects, despite medium term market fundamentals supporting the projects' value. So long as this uncertainty persists the Company believes it is prudent to keep all South African projects ($4,401,020) written down. The Company will assess at each future balance date.

9 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit or loss attributable to shareholders of the Parent Company (Windlab Limited) as the numerator, i.e. no adjustments to profits were necessary during the six (6) months period to 30 June 2018 and 30 June 2017.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	Six (6) months to 30 June 2018	Six (6) months to 30 June 2017
	No.	No.
Weighted average number of shares used in basic earnings per share	67,379,882	7,907,416
Weighted average number of shares used in diluted earnings per share	67,379,882	60,655,333(A)

A. *Diluted earnings per shares is calculated using a weighted average number of shares reflecting the conversion and split of shares that occurred in connection with the company's IPO (August 2017).*

10 Dividends

No dividends were paid or payable in the current or prior period.

11 Investments

(a) Interests in investments, associates and joint ventures

Set out below are the associates and joint arrangements of the Group as at 30 June 2018:

Investments, Associates and Joint Ventures	Country of Incorporation	Ownership interest %		Principal activities
		30 June 2018	30 June 2017	
Kennedy Energy Park Holdings Pty Ltd	Australia	50%	50%	Renewable Energy Generation
Kiata Wind Farm Holdings Pty Ltd	Australia	25%	25%	Renewable Energy Generation
CBWF Holdings Pty Ltd	Australia	3.50%	3.50%	Renewable Energy Generation

(b) Summarised financial information

	Investments	Associates	Joint Ventures
	CBWF Holdings Pty Ltd	Kiata Wind Farm Holdings Pty Ltd	Kennedy Energy Park Pty Ltd
	$	$	$
Carrying amount as at 31 December 2017	522,372	11,588,617	32,049,386
Share of net profit/(losses)	-	688,551	(12,446)
Dividends received	-	(997,266)	-
Carrying amount as at 30 June 2018	**522,372**	**11,279,902**	**32,036,940**
Carrying amount as at 31 December 2016	522,372	11,283,209	2,077,184
Share of net (losses)	-	-	(13,710)
Acquisition of additional interest	-	-	260,000
Carrying amount as at 30 June 2017	**522,372**	**11,283,209**	**2,323,474**

12 Contingent Assets

Windlab has previously sold early stage wind farm projects to third parties in return for the right to success fees payable if and when those projects reach financial close, construction, or other milestones. Those success fees are based on the ultimate capacity of each project on a $/MW basis. At balance date none of these projects have the degree of certainty in relation to their capacity necessary to allow the recognition of revenue or a corresponding receivable. Assets relating to the projects were derecognised on adoption of AASB15 in this period. Refer Note 3.

Directors' Declaration

In the opinion of the Directors of Windlab Limited:

a The consolidated financial statements and notes of Windlab Limited are in accordance with the *Corporations Act 2001*, including:

 i Giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and

 ii Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; 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.

Signed in accordance with a resolution of the Directors:

Roger Price
Director
Dated the 21st day of August 2018

Joseph O'Brien
Director

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Independent Auditor's Review Report

To the Members of Windlab Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Windlab Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Windlab Limited does not give a true and fair view of the financial position of the Group as at 30 June 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the Corporations Act 2001, including complying with Accounting Standard AASB 134 Interim Financial reporting.

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 gives a true and fair view and 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 Group's financial position as at 30 June 2018 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 Windlab 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

S M Coulton
Partner - Audit & Assurance

Sydney, 21 August 2018