Half Year Report
31 December 2019

Release Statement

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ABN: 55 095 006 090

APPENDIX 4D

HALF YEAR REPORT

Name of entity

RENU ENERGY LIMITED

ABN	Half year ended
55 095 006 090	31 December 2019

Previous corresponding period: 31 December 2018

Results for announcement to the market

Results	HY Dec 2019 $’000	HY Dec 2018 $’000	Change $’000	Change %
Revenues from ordinary activities(1)	512	805	(65)	(11%)
Net loss for the period attributable to members	(2,179)	(1,374)	(805)	(59%)

(1) Includes revenues from discontinued operations, but excludes ReNu Energy’s share of revenues of associated companies

Net Tangible Asset Backing	As at 31 December 2019	As at 31 December 2018
Net tangible asset backing per ordinary security	$0.039	$0.076

Brief explanation of any of the figures reported above:

The Company completed the sale of the Group’s solar operations on 4 September 2019 for a total consideration of $5,775,000. The sale provided ReNu Energy with the capital to repay debt, continue operations and undertake a considered assessment of the existing bioenergy asset base as well as the geothermal remediation obligations in the Cooper Basin.

The loss for the period was higher than in the corresponding period in the previous year due to:

- Only 2 months of earnings from the solar assets
- Drought conditions impacting the results of the Group’s bioenergy assets
- Transaction costs associated with the sale of the solar assets
- Termination and redundancy costs related to the Company’s review of its cost restructure

The realisation of the benefits of corporate cost reductions and reduced business development costs has partially offset the impact of the above items during the period.

Please refer to the attached Director’s Report for further commentary on the results and activities for the period and refer to the attached Half Year Financial Report for the detailed financial statements.

APPENDIX 4D (Continued)

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

The Company disposed of its 100% interest in the following entities which owned the Group's solar PV embedded networks assets, effective 4 September 2019:

- RE Holding Company Two Pty Ltd (as trustee for RE Holding Trust Two)
- RE Holding Company Three Pty Ltd (as trustee for RE Holding Trust Three)
- ReNu Energy Retail Pty Ltd

These entities contributed $407,000 of loss to the Group's loss from ordinary activities prior to their disposal ($212,000 loss in the December 2018 half year) and a loss of $18,000 was realised upon the sale of the entities.

Details of associate entities:

	Ownership Interest		Contributions to net profit / (loss)	
Name	**Dec 2019 %**	**June 2019 %**	**HY Dec 2019 $'000**	**HY Dec 2018 $'000**
RE Holding Company One Pty Ltd (as trustee for RE Holding Trust One)	30%	30%	**(42)**	(27)
SM Project Company Pty Ltd (as trustee for SM Project Trust)	30%	30%	**(5)**	(4)
AJB Energy Projects Pty Ltd (as trustee for AJB Energy Projects Trust)	30%	30%	**2**	1
Aggregate share of losses			**(45)**	(30)

Dividends

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

DIRECTORS' REPORT

Your Directors submit their report for the half year ended 31 December 2019.

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.

Steve McLean (Non-executive Chairman)

Tony Louka (Interim Managing Director and CEO)

Tim Scholefield (Executive Director) (appointed 6 December 2019)

Boyd White (Non-executive Director) (appointed 20 December 2019)

Craig Ricato (Managing Director & CEO) (resigned 30 September 2019)

Richard Brimblecombe (Non-executive Director) (resigned 31 December 2019)

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

COMPANY SECRETARY

Damian Galvin (resigned 5 July 2019)

Matthew Scott (appointed 1 July 2019, resigned 10 September 2019)

Greg Watson (appointed 10 September 2019)

CORPORATE STRUCTURE

ReNu Energy Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 2, 52 McDougall Street, Milton, QLD, 4064.

PRINCIPAL ACTIVITIES

ReNu Energy Limited is an independent power producer which delivers clean energy products and services. The Company provides its customers with renewable energy, at a lower price than that obtainable from the National Energy Market, with no upfront cost.

The Company has a 30% interest in two bioenergy projects: a 1.1 MW bioenergy project in Queensland; and a 1.6 MW bioenergy project in NSW.

The Company has continued to progress activities required for the remediation of its single remaining geothermal tenement in the Cooper Basin in accordance with the relevant state regulations and environmental requirements.

DIRECTORS' REPORT (Continued)

REVIEW AND RESULTS OF OPERATIONS

Operational review

During the six months to 31 December 2019, ReNu Energy's activities centred around completion of the sale of its solar operations, the ongoing provision of operations and maintenance services to the Goulburn and AJ Bush bioenergy projects, completing the restructuring of the business and prioritising the close out of the Cooper Basin remediation obligation.

Bioenergy

ReNu Energy's two bioenergy facilities operated throughout the period until the Christmas shutdowns. Revenue through electricity sales was lower than expected due to ongoing low livestock numbers as the drought worsened. An outage at AJ Bush to repair their plant infrastructure damaged from a plant fire also impacted electricity sales.

The Company continued works on installing a new generator at AJ Bush with commissioning activities commencing during the period. Operation of the new generator is pending Energex completing a neutral voltage displacement (NVD) protection upgrade to enable connection to its network. The Company has entered into an agreement with Energex in this regard and anticipates the works will commence during Q1 2020.

Geothermal remediation

The Company announced in December 2019 the appointment of Mr Tim Scholefield to the Board in an Executive Director capacity to manage the final abandonment of the Habanero 3 and 4 wells and remediation activities. The aim is to apply for surrender of GRL 3 by the end of calendar year 2020.

Finalising the remediation obligations will assist in progressing corporate combination considerations and future renewable development opportunities with capital market support.

Events after reporting period

As part of the Company's strategy to optimise its bioenergy operations and as a result reduce its cost base, on 20 January 2020, the Company ceased being the operations and maintenance service provider for the Goulburn and AJ Bush bioenergy projects. This followed a period of cooperation between the Company, its Alliance partner Resonance Industrial Water Infrastructure Fund and the replacement service provider Hydroflux Utilities Pty Ltd. Hydroflux's appointment as the replacement service provider was effective on the same day.

There have been no other material events since the end of the reporting period.

Results

The underlying Group EBITDA loss of $1,602,000 (2018: $1,507,000) for the financial period was higher than previous periods and impacted by termination and redundancy costs related to the Company's review of its cost restructure. This has been partially offset by realisation of the benefits of recurring corporate cost reductions and reduced business development costs during the period.

The Group's loss after tax of $2,179,000 (2018: $1,374,000) reflected these items and transaction costs associated with the solar sale.

DIRECTORS' REPORT (Continued)

	6 months ended 31 December 2019 $000	6 months ended 31 December 2018 $000
EBITDA – by business segment		
Bioenergy, including business development costs	(78)	(291)
Solar, including start-up and business development costs	-	-
Geothermal	(56)	(74)
Corporate	(1,468)	(1,142)
Total Group EBITDA – continuing operations	**(1,602)**	**(1,507)**
EBITDA – discontinued operations	(11)	54
Gain/(loss) on disposal of subsidiaries	(18)	167
Gain on sale of property, plant & equipment	2	180
Depreciation	(164)	(186)
Borrowing transaction costs	(307)	(12)
Interest expense	(79)	(70)
Loss after tax	**(2,179)**	**(1,374)**

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 Instrument applies.

AUDITOR INDEPENDENCE DECLARATION

The Directors have obtained an independence declaration from the Company's auditors, BDO, which can be found on page 25 of the Half Year Financial Report.

Indemnification of auditors

The Company has not otherwise, during or since the end of the reporting period, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the Company or of any related body corporate against a liability incurred as such an auditor

Signed in accordance with a resolution of the Directors

T Louka
Interim Managing Director
Brisbane
27 February 2020

Half Year Financial Report
ended 31 December 2019

ABN 55 095 006 090

Contents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2019	Note	6 months ended 31 December 2019 $'000	6 months ended 31 December 2018 $'000[1]
Revenue from contracts with customers	3A(i)	130	80
Total operating income		**130**	**80**
Interest income		46	40
Other income	3A(ii)	141	11
Total income		**317**	**131**
Personnel expenses	3B	(1,241)	(907)
Other operating expenses	3C	(184)	(238)
General & administrative expenses	3D	(594)	(531)
Finance costs	3F	(7)	(4)
Total expenses	3E	**(2,026)**	**(1,680)**
Share of profit/(loss) of associates	7	**(45)**	**(30)**
Loss before income tax		**(1,754)**	**(1,579)**
Income tax benefit / (expense)		-	-
Loss after income tax expense from continuing operations		**(1,754)**	**(1,579)**
Profit / (loss) from discontinued operations after tax	15(a)	(425)	205
Net loss for the year after income tax attributable to the owners of the parent		**(2,179)**	**(1,374)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss after tax			
Exchange differences on translation of foreign operations net of tax		-	3
Other comprehensive income for the period		-	3
Total comprehensive loss for the period attributable to the owners of the parent		**(2,179)**	**(1,371)**
Earnings Per Share attributable to the owners of the parent			
Basic and diluted loss per share from continuing operations (cents per share)	13	**(1.45)**	**(1.64)**
Basic and diluted loss per share (cents per share)		**(1.81)**	**(1.43)**

(1) Balances for the prior period have been re-presented to reclassify results from discontinued operations. Refer to note 15.

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019	Note	31 December 2019 $'000	30 June 2019 $'000
Current Assets			
Cash and cash equivalents	4	3,200	1,425
Trade and other receivables	5	937	1,139
Inventories		59	59
Total current assets		**4,196**	**2,623**
Non Current Assets			
Other receivables	5	1,646	1,636
Property, plant and equipment	6	302	6,098
Investments in associates	7	462	530
Total non current assets		**2,409**	**8,264**
Total assets		**6,606**	**10,887**
Current Liabilities			
Trade and other payables	8	402	837
Borrowings	9	74	302
Provisions	10	1,418	1,457
Total current liabilities		**1,894**	**2,595**
Non Current Liabilities			
Borrowings	9	-	1,131
Provisions	10	-	115
Total non current liabilities		**-**	**1,246**
Total liabilities		**1,894**	**3,841**
Net assets		**4,711**	**7,046**
Equity			
Issued capital	11	357,070	357,075
Other reserves	12	64	169
Accumulated losses		(352,423)	(350,198)
Total equity		**4,711**	**7,046**

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 2019

	Note	**6 months ended 31 December 2019 $'000**	6 months ended 31 December 2018 $'000
Cash flows from operating activities			
Receipts from customers		330	701
Net Goods and Services Tax received		6	(3)
Payments to suppliers and employees		(2,832)	(2,548)
Interest received		69	19
Interest paid		(46)	(42)
Net cash outflows from operating activities		**(2,473)**	**(1,873)**
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment		5,775	3,800
Purchase of property, plant & equipment		(21)	(1,463)
Investment in associate		-	(180)
Loans advanced to associates		-	(180)
Distributions received from associates		-	50
Payments for remediation expenditure		(140)	(51)
Proceeds from R&D Tax Incentive		-	92
Recoupment of remediation costs		70	-
Net (deposits) / return of cash held as security		263	(147)
Net cash inflows / (outflows) from investing activities		**5,947**	**1,921**
Cash flows from financing activities			
Proceeds from issue of shares		-	1,273
Repayment of borrowings		(1,378)	(169)
Transaction costs of share issues		(5)	(123)
Transaction costs of loans and borrowings		(316)	(23)
Net cash inflows from financing activities		**(1,699)**	**958**
Net increase / (decrease) in cash and cash equivalents		**1,775**	**1,006**
Add: Opening cash and cash equivalents carried forward		1,425	1,453
Closing cash and cash equivalents carried forward	4	**3,200**	**2,459**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2019	Issued Capital $'000	Share Based Payments Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Total Equity $'000
At 1 July 2019	**357,075**	**153**	**16**	**(350,198)**	**7,046**
Adoption of AASB 16 Leases				(46)	(46)
Restated balance at 1 July 2019 upon adoption of AASB 16	**357,075**	**153**	**16**	**(350,244)**	**7,000**
Loss for the period	-	-	-	(2,179)	(2,179)
Other comprehensive income	-	-	-	-	-
Total for the period	-	-	-	(2,179)	(2,179)
Transactions with owners in their capacity as owners:					
Shares issued	-	-	-	-	-
Share issue costs	(5)	-	-	-	(5)
Share-based payment	-	(105)	-	-	(105)
At 31 December 2019	**357,070**	**48**	**16**	**(352,423)**	**4,711**

FOR THE HALF YEAR ENDED 31 DECEMBER 2018	Issued Capital $'000	Employee Equity Benefits Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Total Equity $'000
At 1 July 2018	**355,287**	**59**	**12**	**(346,708)**	**8,650**
Loss for the period	-	-	-	(1,374)	(1,374)
Other comprehensive income	-	-	3	-	3
Total for the period	-	-	3	(1,374)	(1,371)
Transactions with owners in their capacity as owners:					
Shares issued	1,273	-	-	-	1,273
Share issue costs	(105)	-	-	-	(105)
Share-based payment	-	20	-	-	20
At 31 December 2018	**356,455**	**79**	**15**	**(348,082)**	**8,467**

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 and its subsidiaries (collectively the Group or Consolidated Entity) for the half year ended 31 December 2019 were authorised in accordance with a resolution of the Directors on 21 February 2020.

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 2, 52 McDougall Street, 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 2019 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. All values are rounded to the nearest $1,000 (unless otherwise stated). 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 2019 and considered together with any public announcements made by ReNu Energy Limited during the half year ended 31 December 2019 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 2019, with the exception that the group has applied for the first time the requirements of:

- **AASB 16 *Leases*** (effective 1 July 2019):

AASB 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessees and lessors. AASB 16 superseded the current lease guidance including AASB 117 Leases and the related interpretations. The new standard is effective for all periods beginning on or after 1 January 2019, and has been adopted by the Group on 1 July 2019.

Classification and measurement

For lessees, the previous distinction between an operating lease and a finance lease has been removed in the new standard, and all but short-term leases, and leases of low-value assets must be accounted for in a manner similar to the existing finance lease approach, using the concept of a right-of-use (ROU) asset and corresponding financial liability for lease payments. Previously, the Group recognised operating lease expenses on a straight-line basis and recognised assets and liabilities only when there was a timing difference between actual lease payments and the expense recognised.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On 1 July 2019, the Group recognised new assets and liabilities for its operating leases of properties and equipment (Note 6). The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lease's incremental borrowing rate. The Group has applied the modified retrospective transition approach, which does not require comparative information to be restated in the financial statements for the half year ended 31 December 2019. Any cumulative effect of adopting AASB 16 was recognised as an adjustment to the opening balance of retained earnings at 1 July 2019.

Impact

Based on the chosen transition approach, the Group recognised $738,000 of lease liabilities and $692,000 of ROU assets on 1 July 2019. This has resulted in an impact of $46,000 to accumulated losses on the initial application date

B. Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group has net operating cash outflows for the half year of $2,473,000 and as at 31 December 2019 has cash and cash equivalents of $3,200,000. The Group also generated a loss after tax for the half year of $2,179,000. The ability of the Group to continue as a going concern is principally dependent upon one or more of the following conditions:

- securing appropriate projects and related funding for project investment;
- successful commercialisation and/or divestment of its bioenergy assets;
- effective cash flow management; and
- raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the Group to continue its bioenergy operations, to complete its geothermal remediation requirements and to meet the Group's working capital requirements.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

During the last twelve months, extensive investigations have been undertaken of the potential debt and equity funding options available to the Group to fund new projects and operating activities, including offering a significantly discounted Rights Issue to existing shareholders in May 2019. These activities were not successful in securing the necessary funding required by the Company to continue the planned development within all areas of the existing portfolio. On 4 September 2019, the Group completed the sale of its existing Embedded Network Operations, including the energy retail authorisation, and the Amaroo Solar PV facility to CleanPeak Energy Pty Ltd for a consideration of $5,775,000 less debt.

The Directors are satisfied that the Group has access to 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 and accordingly have applied the going concern basis of accounting in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

C. 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 has 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.

Comparative figures for the prior period have been re-presented to reclassify results from the solar operations as discontinued. Refer to note 15.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 3A – INCOME	6 months ended 31 December 2019 $'000	6 months ended 31 December 2018 $'000
(i) Revenue from contracts with customers		
Operating and maintenance services	130	80
	130	**80**
(ii) Other income		
Recoupment of remediation costs	70	-
Other income	71	11
	141	**11**

Revenues from contracts with customers

Revenue earned from operating and maintenance services is invoiced monthly based on contractual terms which typically include a fixed monthly charge and a charge per engine operating hour. Invoices are due for payment within 30 days.

NOTE 3B – PERSONNEL EXPENSES

Employee expenses	828	860
Termination and redundancy expenses	518	27
Share based payments expense	(105)	20
	1,241	**907**

NOTE 3C – OTHER OPERATING EXPENSES

Facility operating costs	154	135
Business development costs	21	106
Remediation costs	9	-
Project rectification costs	-	(3)
	184	**238**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 3D – GENERAL AND ADMINISTRATIVE EXPENSES	6 months ended 31 December 2019 $'000	6 months ended 31 December 2018 $'000
Governance and investor relations	63	149
External advisory	204	71
Facility, IT and communications	80	141
Travel	35	36
Insurance	141	103
Depreciation of plant and equipment	60	11
Other	11	20
	594	**531**

NOTE 3E – OTHER EXPENSES AND LOSSES/(GAINS)

Loss before income tax has been determined after charging/(crediting) the following specific items (amounts may be included above in notes 3B, 3C and 3D):		
Depreciation	60	11
Operating lease rentals paid	-	56
Foreign exchange loss/(gain)	-	2

NOTE 3F – FINANCE COSTS

Interest expense	7	4
	7	**4**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 4 – CASH AND CASH EQUIVALENTS	31 December 2019 $'000	30 June 2019 $'000
Cash at bank	3,200	1,411
Short-term deposits	-	14
Total cash - excluding cash held by disposal group held for sale	**3,200**	**1,425**

NOTE 5 –TRADE AND OTHER RECEIVABLES	31 December 2019 $'000	30 June 2019 $'000
Current		
Cash held as security	160	430
Trade receivables	487	89
GST receivable	15	63
Interest receivable	15	16
Other receivables and deposits	116	180
Prepayments	144	361
Total current trade and other receivables	**937**	**1,139**
Non-current		
Loan to associate(1)	1,066	1,066
R&D Tax Incentive receivable	580	570
Total non-current trade and other receivables	**1,646**	**1,636**

(1) Financial asset at amortised cost

Current trade receivables, GST receivable, interest receivable and other receivables are non-interest bearing. The fair values of trade and other receivables approximate their carrying values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 6 – PROPERTY, PLANT & EQUIPMENT	31 December 2019 $'000	30 June 2019 $'000
Plant and Equipment at cost	23,481	30,136
Less: accumulated depreciation and impairment	(23,198)	(24,038)
Right of use assets at cost	75	-
Less: accumulated depreciation and impairment	(56)	-
Total Property, Plant and Equipment	**302**	**6,098**
Reconciliation of Plant & Equipment		
Carrying amount at beginning of the period	6,098	5,968
Recognition of right-of-use assets on 1 July 2019	692	-
Additions	51	707
Proceeds of grant	-	-
Disposals	(6,414)	-
Reclassification from / (to) Assets Held for Sale	-	232
Impairment(1)	-	(508)
Depreciation/Amortisation expense	(125)	(301)
Carrying amount at the end of the period	**302**	**6,098**

(1) Impairment of property, plant and equipment from transaction announced on 2August 2019 to sell the subsidiaries of the Group which hold the embedded network operations and Amaroo Solar PC facility.

NOTE 7 – INVESTMENT IN ASSOCIATES

Interest in associates

Name of entity	Ownership interest		Carrying amount	
	31 December 2019 $'000	30 June 2019 $'000	31 December 2019 $'000	30 June 2019 $'000
RE Holding Company One Pty Ltd	30%	30%	462	530

RE Holding Company One Pty Ltd, in its capacity as trustee for the RE Holding Trust One, acts as holding company for entities which own bioenergy projects in Australia.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 7 – INVESTMENT IN ASSOCIATES (Continued)

Summarised financial information for associates	**31 December 2019 $'000**	**30 June 2019 $'000**
Summarised Balance Sheet		
Current assets	877	905
Non-current assets	5,386	5,128
Total assets	**6,263**	**6,033**
Current liabilities	(656)	(278)
Non-current liabilities	(3,570)	(3,570)
Total liabilities	**(4,226)**	**(3,848)**
Net assets	**2,037**	**2,185**
Reconciliation to carrying amount		
Group's interest	30%	30%
Group's interest in net assets	611	655
Elimination of Group interest in (profits)/losses arising from transactions with associates	(149)	(125)
Carrying amount of investments in associates	**462**	**530**

	31 December 2019 $'000	**31 December 2018 $'000**
Summarised statement of comprehensive income		
Revenue	537	335
Loss for the period	(148)	(101)
Total comprehensive loss	(148)	(101)
Group's share of loss of associates at 30%	(45)	(30)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 8 – TRADE AND OTHER PAYABLES

	31 December 2019 $'000	30 June 2019 $'000
Current		
Trade creditors	171	399
Accrued and other liabilities	217	383
GST payable	14	55
	402	**837**

The fair values of trade and other payables approximate their carrying values due to their short-term nature.

NOTE 9 – BORROWINGS

	31 December 2019 $'000	30 June 2019 $'000
Current borrowings		
Secured loan	-	55
Lease liability	19	-
Other borrowings	55	247
Total current borrowings	**74**	**302**
Non-current borrowings		
Secured loan	-	1,131
Total non-current borrowings	**-**	**1,131**

Changes in borrowings resulting from financing activities	2019 $'000
At 1 July 2019	**1,433**
Adoption of AASB 16 Leases	738
Disposal of lease liabilities on sale of solar business	(719)
Repayments of principal	(1,378)
Expensing of transaction costs (non-cash)	-
At 31 December 2019	**74**
Current	74
Non-current	-
	74

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 10 – PROVISIONS

	Employee Entitlements $'000	Remediation Provision $'000	Other Provisions $'000	Total Provisions $'000
At 1 July 2019	**74**	**1,395**	**103**	**1,572**
Arising during the year	56	18	6	80
Utilised	(125)	-	(3)	(128)
Divestment of solar operations			(106)	(106)
Unwinding of discount	-	-	-	-
At 31 December 2019	**5**	**1,413**	**-**	**1,418**
Current - December 2019	5	1,413	-	1,418
Non current - December 2019	-	-	-	-
At 31 December 2019	**5**	**1,413**	**-**	**1,418**
Current - June 2019	50	1,395	12	1,457
Non current - June 2019	24	-	91	115
At 30 June 2019	**74**	**1,395**	**103**	**1,572**

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

NOTE 11 – ISSUED CAPITAL

	31 December 2019 $'000	30 June 2019 $'000
Authorised Shares		
120,634,341 (June 2019 – 122,068,491) fully paid ordinary shares	**357,070**	**357,075**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 11 – ISSUED CAPITAL (Continued)

MOVEMENT IN ORDINARY SHARE CAPITAL:		NUMBER OF SHARES	ISSUE PRICE $ PER SHARE	$'000
30/06/18	**Balance**	**859,157,346**		**355,287**
27/07/18	Shares issued pursuant to entitlement offer 1:2	106,113,451	0.012	1,273
11/12/18	Share consolidation 1:10	(868,741,056)		-
14/12/18	Shares issued pursuant to loan share plan(1)	14,424,000		-
7/6/19	Shares issued pursuant to rights issue	11,114,750	0.066	734
	Share issue costs			(219)
30/06/19	**Balance**	**122,068,491**		**357,075**
10/9/19	Share issue costs			(5)
17/09/19	Share cancellation(2)	(1,434,150)		-
31/12/19	**Balance**	**120,634,341**		**357,070**

1. Shares issued pursuant to an employee loan share plan are scheduled to be bought back for failure to satisfy vesting conditions.
2. Employee share scheme buyback.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 12 – OTHER RESERVES	31 December 2019 $'000	30 June 2019 $'000
Share based payments reserve	48	153
Foreign currency translation reserve	16	16
	64	**169**
Reconciliation of Reserves		
Carrying amount at beginning of period	169	71
Net share based payments expense	(105)	94
Recognition of foreign currency translation reserve	-	4
	64	**169**

Nature and purpose of reserves

Share based payments reserve

The employee share based payment reserve is used to record the value of loan share plan shares 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 13 – EARNINGS PER SHARE	6 months ended 31 December 2019	6 months ended 31 December 2018(1)
Basic and diluted earnings/(loss) per share attributable to the equity holders (cents per share):		
From continuing operations	**(1.45)**	**(1.64)**
From discontinued operations	**(0.36)**	**0.21**

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):		
From continuing operations	**(1,754)**	**(1,579)**
From discontinued operations	**(425)**	**205**
Weighted average number of ordinary shares used in calculation of basic earnings per share (number of shares)(1)	**120,586,414**	**96,302,922**

1 The number of shares used in the calculation of earnings per share have been adjusted to reflect the 1:10 share consolidation that took effect in December 2018. Balances for the prior period have been re-presented to reclassify results from discontinued operations. Refer to note 15.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 14 – SEGMENT INFORMATION

The Group operates in three segments, being solar, bioenergy and geothermal exploration and evaluation. The geothermal segment exists only to complete remediation activities. All operations are located in Australia. Compared to the basis of segmentation those disclosed in the annual financial statements for year ended 30 June 2019, the difference for the half year ended 31 December 2019 is the discontinuation of the solar segment.

Operating segments are identified on the basis of internal reports that are regularly reviewed and used by the Managing Director and Board of Directors (chief operating decision makers) in order to allocate resources to the segment and assess its performance. The financial information presented to the chief operating decision makers uses EBITDA (including proportionate consolidation of associates' results) as a measure to assess performance. Group assets and liabilities are not presented by segment to the chief operating decision makers.

Unless otherwise stated, all amounts reported to the Managing Director and Board of Directors as the chief operating decision makers are in accordance with the Group's accounting policies.

Segment Information

The following table represents financial information for the Group's operating segments for the six months ended 31 December 2019.

Half Year Ended 31 December 2019						**Reconciliation to loss from continuing operations after tax**	
	Bioenergy[1] $'000	**Solar $'000**	**Geothermal $'000**	**Corporate $'000**	**Segment totals $'000**	**Discontinued operations[2] $'000**	**Consolidated[1] $'000**
Revenue and income							
From external customers							
- Electricity	125	-	-	-	125	226	**350**
- O&M services	130	-	-	-	130	-	**130**
- Renewable energy credits	36	-	-	-	36	15	**51**
- Other	-	-	70	71	141	-	**141**
- Interest income	-	-	-	46	46	-	**46**
Expenses	(369)	-	(126)	(1,585)	(2,080)	(252)	**(232)**
EBITDA	**(78)**	**-**	**(56)**	**(1,468)**	**(1,602)**	**(11)**	**(1,613)**
Gain on sale of property, plant and equipment	-	-	-	2	**2**	-	**2**
Gain on sale of subsidiaries	-	-	-	-	**-**	(18)	**(18)**
Depreciation	(43)	-	-	(60)	**(103)**	(61)	**(164)**
Borrowing transaction costs	-	-	-	-	**-**	(307)	**(307)**
Interest expense	(44)	-	-	(7)	**(51)**	(28)	**(79)**
Loss after tax	**(165)**	**-**	**(56)**	**(1,533)**	**(1,754)**	**(425)**	**(2,179)**
Loss from continuing operations after tax							**(1,754)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 14 - SEGMENT INFORMATION (Continued)

(1) The reported bioenergy segment results include the Group's proportionate interest in the results from associates accounted for by the equity method. The interest in the loss of these associates was $45,000.

(2) Discontinued operations relate to the solar segment.

Half Year Ended 31 December 2018

	Bioenergy[1] $'000	Solar $'000	Geothermal $'000	Corporate $'000	Segment totals $'000	Reconciliation to loss from continuing operations after tax: Discontinued operations[2] $'000	Consolidated[1] $'000
Revenue and income							
From external customers							
- Electricity	75	-	-	-	75	584	**659**
- O&M services	80	-	-	-	80	-	**80**
- Renewable energy credits	25	-	-	-	25	130	**155**
- Other	-	-	-	12	12	-	**12**
- Interest income	-	-	-	41	41	-	**41**
Expenses	(471)	-	(74)	(1,195)	(1,740)	(660)	**(2,400)**
EBITDA	**(291)**	**-**	**(74)**	**(1,142)**	**(1,507)**	**54**	**(1,453)**
Gain on sale of property, plant and equipment	-	-	-	-	**-**	180	**180**
Gain on sale of subsidiary	-	-	-	-	**-**	167	**167**
Depreciation	(28)	-	-	(13)	**(41)**	(145)	**(186)**
Borrowing transaction costs	-	-	-	-	**-**	(12)	**(12)**
Interest expense	(27)	-	-	(4)	**(31)**	(39)	**(70)**
Loss after tax	**(346)**	**-**	**(74)**	**(1,159)**	**(1,579)**	**205**	**(1,374)**
Loss from continuing operations after tax							**(1,579)**

(1) The reported bioenergy segment results include the Group's proportionate interest in the results from associates accounted for by the equity method. The interest in the loss of these associates was $30,000.

(2) Discontinued operations relate to the bioenergy and solar segments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 14 - SEGMENT INFORMATION (Continued)

Reconciliation of segment revenue to consolidated income	6 months ended 31 December 2019 $'000	6 months ended 31 December 2018[(1)] $'000
Segment revenue	432	192
Segment interest income	46	41
Less revenue from associates accounted for by the equity method	(161)	(100)
Total consolidated income from continuing operations	317	132

(1) Balances for the prior period have been re-presented to reclassify results from discontinued operations. Refer to note 15.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 15 – DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

During the half year ended 31 December 2019, the Group disposed of its 100% interest in its solar projects. On 4 September 2019, the Company completed the sale of a 100% interest in RE Holding Company Two Pty Ltd, RE Holding Company Three Pty Ltd and ReNu Energy Retail Pty Ltd, recognising a loss of $18,000. The results from the solar operations up until the date of sale have been classified as discontinued operations.

During the half year ended 31 December 2018, the Group disposed of a 70% interest in two bioenergy projects:

(i) On 17 July 2018, the Company completed the sale of a 70% interest in RE Holding Company One Pty Ltd whose subsidiary owns the Goulburn Bioenergy Project to an entity in which the Company has a 30% interest, recognising a gain of $167,000; and

(ii) On 13 December 2018, a Group company sold the property, plant and equipment of a bioenergy business to an entity in which the Company has a 30% interest, recognising a gain of $180,000.

The results from these two bioenergy projects and the solar projects up until the date of sale have been classified as discontinued operations. The results from these bioenergy projects from the date of sale have been accounted-for using the equity method of accounting (refer note 7).

(a) Profit from discontinued operations after tax	**6 months ended 31 December 2019 $'000**	**6 months ended 31 December 2018 $'000**
Revenue	241	714
Expenses	(252)	(660)
Depreciation	(61)	(145)
Borrowing costs	(307)	(12)
Interest	(28)	(39)
Gain/(loss) on disposal of subsidiary	(18)	167
Gain on sale of property, plant and equipment	-	180
Net profit/(loss) from discontinued operations	**(425)**	**205**
Income tax expense	**-**	**-**
Net profit from discontinued operations after tax	**(425)**	**205**
Net cash flows from discontinued operations		
Net cash inflow from operating activities	(60)	191
Net cash inflow from investing activities	**-**	-
Net cash inflow / (outflow) from financing activities	**(1,509)**	(84)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 15 – DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (Continued)

(b) Details of the sale of the subsidiaries – RE Holding Company Two Pty Ltd, RE Holding Company Three Pty Ltd and ReNu Energy Retail Pty Ltd	**31 December 2019 $'000**
Consideration received or receivable	
Cash	5,775
Net assets sold / de-recognised	(5,757)
Transaction costs	(36)
Gain/(loss) on sale	**(18)**

The carrying amount of the net assets and liabilities of RE Holding Company Two Pty Ltd, RE Holding Company Three Pty Ltd, ReNu Energy Retail Pty Ltd as at the date of sale, 4 September 2019 was:

	$'000
Assets	
Cash	-
Trade and other receivables	320
Property, plant & equipment	5,756
Right of use assets	639
Total assets	**6,715**
Liabilities	
Trade and other payables	(163)
Lease liability	(689)
Provisions	(106)
Total liabilities	**(958)**
Net assets	**5,757**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 16 – CONTINGENT ASSETS AND LIABILITIES

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

NOTE 17 – RELATED PARTY DISCLOSURES

Transactions with Key Management Personnel

A Director, Mr Tony Louka was engaged through an associated company, Maxify Pty Ltd to provide consulting services to the Company from 1 October 2018 at $1,000 per month. When Mr Louka was appointed interim Managing Director and Chief Executive Officer on 20 September 2019, the amount was amended to $24,167 per month effective 19 August 2019.

A Director, Mr Tim Scholefied was engaged through an associated company, Pacific Energy Partners Pty Ltd to provide consulting services to the Company from 11 December 2019 at the daily rate of $1,850.

Transactions with associates	**6 months ended 31 December 2019 $'000**	**6 months ended 31 December 2018 $'000**
Loans advanced to associates	-	900
Acquisition of units in associates	-	660
Distributions received from associates	-	50
Sales of goods and services to associates	203	145

NOTE 18 – EVENTS AFTER REPORTING PERIOD

As part of the Company's strategy to optimise its bioenergy operations and as a result reduce its cost base, on 20 January 2020, the Company ceased being the operations and maintenance service provider for the Goulburn and AJ Bush bioenergy projects. This followed a period of cooperation between the Company, its Alliance partner Resonance Industrial Water Infrastructure Fund and the replacement service provider Hydroflux Utilities Pty Ltd. Hydroflux's appointment as the replacement service provider was effective on the same day.

There have been no other material events since the end of the reporting period.

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 2019 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.

T Louka
Interim Managing Director
Brisbane
27 February 2020

AUDITOR'S INDEPENDENCE DECLARATION

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DECLARATION OF INDEPENDENCE BY R M SWABY TO DIRECTORS OF RENU ENERGY LIMITED

As lead auditor of ReNu Energy Limited for the half-year year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. 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 period.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 27 February 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ReNu Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of ReNu Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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 Group's financial position as at 31 December 2019 and its financial 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 the Group, 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

BDO

R M Swaby
Director

Brisbane, 27 February 2020