Integrated Green Energy Solutions Ltd

ABN 23 003 669 163

And Controlled Entities

HALF YEAR REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2019

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2019 and any public announcements made by Integrated Green Energy Solutions Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Australian Corporations Act 2001.

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CORPORATE DIRECTORY

DIRECTORS	Paul Dickson	(Executive Chairman)
	Stuart Clark	(Managing Director)
	Bevan Dooley	(Executive Director)
	Kilroy Genia	(Non-Executive Director)
	David McIntosh	(Non-Executive Director)

SECRETARY
Joshua Herbertson

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BANKERS
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STOCK EXCHANGE LISTING
Integrated Green Energy Solutions Ltd shares are listed on the Australian Securities Exchange.
ASX Code: IGE

WEBSITE ADDRESS
www.igesolutions.org

Chairman's message

Dear Fellow Shareholder,

Our patented technology allows us to convert end-of life, non-recyclable plastics into road ready fuel and is now more in demand than ever. We provide a solution to the issue of utilising end of life plastics and at the same time decrease exploitation of our depleted reserves of fossil fuels.

In recent years we have seen governments, communities and businesses increase their focus on the means to reduce plastic impacting our environment as well as the challenge of reducing our reliance on fossil fuel reserves. However, despite this focus, we are experiencing an increase in the demand for both plastics and other oil-based products and therefore are producing more oil than at any other time in the earth's history.

Plastic consumption continues to increase at 4% per annum and the end result is that 8 million tonnes of end-of-life plastic enters the ocean per year. Given that plastic is an inherently light weight material, this converts to almost unimaginable volumes of plastic entering our oceans. Meanwhile, we are experiencing a huge increase in demand for oil-based petrol and diesel, principally derived from fossil fuels. Global demand for oil reached a record 100 million barrels per day ("bpd") in 2019. The International Energy Agency ("IEA") forecasts that if we continue on the current path, global demand will reach 121 million bpd by 2040.

It is a fact that despite the debates, discussions and general concern regarding the issues of plastic in the environment and oil utilisation generally, the problem the world faces remains immense. Of further concern is that the problem is actually getting worse every day and has no clear, coordinated resolution.

At Integrated Green Energy Solutions Ltd ("IGES"), our focus is not on rhetoric or marketing but only on implementing our solution. We know that our solution forms part of a tapestry of solutions that will improve the environment. That is, each plant that we roll-out provides a real solution to a growing problem and makes the world a cleaner place.

In the 2019 year we met and overcame our share of challenges and 2020 represents the year when our flagship Amsterdam site will be up and running. Indeed, we expect to be reporting profits in the coming months as we ramp up to full production in Amsterdam. Concurrently we will build and develop sites across multiple territories in line with our global roll-out strategy previously announced to shareholders. This includes the commissioning of sites in the UK (Northampton) and Thailand (Prachinburi), where we have in place fully approved environmental permits to build and operate a 200TPD facility in each jurisdiction that will together produce 140 million litres of road ready fuel per annum.

Our primary commitment is currently the utilisation of end-of-life, non-recyclable plastic that is either destined for landfill or destined to leak into our waterways and oceans. Our approach is to turn off the supply of plastic before it enters the landfill or waterways. The environmental benefit of this work also creates a commercial benefit as the fuel we produce has a high market value. That is, our solution is economically self-perpetuating as well as environmentally sustainable.

Whilst focused on our immediate goals, our overarching aspiration is always to utilise the best available technologies to improve our world's environment and make a real difference to the communities we partner with by "creating a cleaner planet for the next generation".

IGES will always deliver a positive commercial impact, add value to the community and provide a positive environmental impact wherever we operate. Further, we will always be considered a good neighbour and a best in category employer of local people as part of our "local first" approach to business.

Here's to a *cleaner planet for the next generation* and making a real difference by helping communities across the globe!

Paul Dickson
Executive Chairman
13 March 2020

DIRECTORS' REPORT

The Directors present their report together with the financial report of the consolidated entity consisting of Integrated Green Energy Solutions Ltd ("IGES" or the "Company") and the entities it controlled, for the half year ended 31 December 2019 and Auditor's report thereon.

DIRECTORS

The names of Directors in office at any time during or since the end of the half year and up to the date of their report are:

Name of Director	Role	Appointed
Paul Dickson	Executive Chairman	24-10-14
Stuart Clark	Managing Director	25-08-16
Bevan Dooley	Executive Director	24-10-14
David McIntosh	Non-Executive Director	15-12-14
Kilroy Genia	Non-Executive Director	21-01-15


Paul Dickson


Stuart Clark


Bevan Dooley


David McIntosh


Kilroy Genia

REVIEW OF OPERATIONS

The Board of IGES is pleased to provide shareholders of the company with the current detail regarding some of our major initiatives.

Amsterdam Project

The construction of the 100 tonne per day ("TPD") Amsterdam facility continues to progress. Approvals for the amendments to the operating permit for extended storage capacity for fuel and an expanded footprint on the site have now been granted.

The first 50TPD kiln with the patented IGES technology has been installed and is ready for commissioning whilst the second 50TPD kiln is complete, in storage and awaiting installation.

Funding

In addition to the possibility of a further public offering, there are a number of other funding sources with the two most imminent being as follows:

(1) US$90 million Term Loan Agreement

IGES entered into a US$ 90 million Term Loan Agreement with Structured Growth Capital Inc. (“SGC”) on 7 June 2017.

The term of the loan is 15 years from the date of initial funding. Repayments are to be made commencing 15 months from the date of the initial funding. The interest rate payable is 8.5% per annum. This will increase to 11.5% in the event of a Default. IGES is also required to pay an origination fee equal to US$1,750,000 (which will be deducted from the first tranche), provide SGC with 2% non-dilutive preferred shares of the Project, fully vested upon completion of the $90m being funded. As a condition precedent to the loan, US$1,500,000 has been placed on escrow to the satisfaction of SGC.

As advised through a series of announcements and at the AGM held on 29 November 2019, the initial funding has been deferred as IGES has tried to match the loan repayment commitments of the SGC loan with operating cash-flows generated following the construction of sites.

We have recently received information from SGC confirming that the draw down schedule per the Term Loan Agreement requires bi-monthly drawdowns over a 9-month period and the initial draw-down will commence no later than 24 March 2020 so that the total draw-down schedule is as follows:

Drawdown Schedule	
Date	US$
24-Mar-20	7,500,000
9-Apr-20	7,500,000
24-Apr-20	5,000,000
9-May-20	5,000,000
24-May-20	5,000,000
9-Jun-20	5,000,000
24-Jun-20	5,000,000
9-Jul-20	5,000,000
24-Jul-20	5,000,000
9-Aug-20	5,000,000
24-Aug-20	5,000,000
9-Sep-20	5,000,000
24-Sep-20	5,000,000
9-Oct-20	5,000,000
24-Oct-20	5,000,000
9-Nov-20	5,000,000
24-Nov-20	5,000,000
Total	**US$90,000,000**

(2) Up-front Module Payment

IGES entered into a long-form agreement with GEP Fuel and Energy Indiana, LLC ("GEP") in March 2017. IGES are partners in the USA and together formed the entity trading as IGP. IGP is devoted to the processing of auto shredder residual ("ASR") into a range of fuels and products, including EN590 ("Road Ready Diesel"), EN228 (Road Ready Petrol), Naphtha, Marine fuel and Marine Diesel Oil ("MDO").

The inaugural ASR to fuel site will be located in Camden Indiana, USA. The current planning is that this site will see the construction of twenty-four 50 tonne per day ("TPD") modules that are capable of processing 1200 TPD of ASR derived plastics into 420 million litres of fuel per annum. As it is larger than other IGES sites it provides a comparative upside as the fixed costs associated with the Camden site will be spread over a much larger production base thereby reducing the per-litre costs of fuel production.

The GEP partnership obligations continue to include:

- Procuring of the ASR derived plastics,
- Identification and securing of the site for construction,
- Securing site funding of US$300 million.

As a result of recent meetings held with IGP in Houston Texas, a significant commercial transaction has been agreed in relation to the procurement of the IGES plastics to fuel modules. It was identified in the board meeting held 12 December 2019 that time was now of the essence with respect to the construction of the Indiana, USA site and therefore as an inducement to prioritise this activity in the context of the IGES international roll-out plan, IGES would be paid a down-payment for initial module construction costs. The upfront payment agreed is USD$39,600,000. This upfront amount is payable in instalments and forms part of the USD $70,000,000 that will ultimately be paid to IGES for the 24 modules. IGES will generate an arm's length negotiated profit margin on the construction and supply of the modules to the IGP partnership.

The modules being constructed by IGES, will form part of the previously announced, USD$300,000,000 construction of an ASR recycling plant in Camden Indiana whose main output will be road ready fuel, utilising the IGE's patented technology.

Other Projects and Partnerships

Whilst the Company's strong focus continues to be the completion of the Amsterdam facility, IGES has continued with its global strategy of establishing sites in key locations. An update on some of our project development work is below.

United Kingdom

As previously announced, the site in Northampton has received a full environmental permit. In addition, IGES has entered into a 10-year feed-stock contract with Recyk Yorkshire Limited (Recyk), guaranteeing the quality, quantity and logistics of supply for feedstock for the facility to be constructed at Northampton. Operation of the facility is due to commence in Q4 2020.

Thailand

IGES has environmental approval to build a 200 tonne per day (“TPD”) site in Prachinburi, Thailand. Following due diligence, IGES contracted with Infinite Recycling Co Ltd (IRC) as our local 10% partner, gained approval from the Thailand Board of Investment, formed a local IGES entity in Thailand, signed a land reservation agreement, and established local bank accounts. The site is suitable for expansion beyond the initial 200 tonne capacity that will produce 70 million litres of read ready fuel annually. IRC will supply feedstock and also assist with local suppliers and local government. Operation of the facility is due to commence in Q4 2020.

USA

As referenced above, IGES continues to progress the proposed facility with its JV partner GEP. A joint submission between IGES and GEP to have the proposed site for its facility permanently rezoned to Heavily Industrial (I-2) has been unanimously approved by the local government body, the Carroll County Board of Commissioners. This is a key development, as the absence of any time restrictions provides a strategic advantage to IGES, as it aligns with the Company’s intention of operating from this site in the long term. IGES has also been informed that town utilities from Camden, including electricity and water services, will also be made available to the site.

Hong Kong

IGES has entered into an agreement with Hong Kong based recycling company Hong Kong Telford Envirotech Group Limited (Telford) to construct a 200 tonne per day facility to be located at Hong Kong EcoPark. IGES will hold a 70% equity stake in the joint venture company with Telford and will control 3 seats of the 5-seat board, in addition to controlling the appointment of all key management personnel.

IGES has appointed international engineering firm Meinhardt to provide a full range of reports required to progress to the design and construction of the proposed 200 TPD facility to be located in EcoPark, Hong Kong. As previously announced, the Company has secured approval from the Environmental Protection Department of Hong Kong (“EPD”) to lease a site in EcoPark.

China

IGES continues to work closely with its local joint venture (“JV”) partner, Beautiful China Holdings Company Limited (“BCH”) and has lodged various approval documents for the project with a range of local government agencies.

Spain

IGES executed a term sheet with Ecology Management Waste, S.L (“EMW”). The management of this company has over 20 years’ experience in waste collection, aggregation and recycling in Spain. The agreement locks in local assistance in IGES in the achievement of government approval and the supply of 200 TPD feedstock respectively for two plants. That is, the combined feedstock capacity for the two planned facilities is 400 tonnes per day and therefore, the initial outlay capacity from the two Spanish plants combined is expected to produce 140 million litres of fuel per annum.

Philippines

IGES has entered into a partnership agreement with a feedstock provider Envirotech Waste Recycling Inc (EWRI). EWRI has a 10% equity stake in the upcoming Philippines 200 tonne per day plant and EWRI will assist IGES in obtaining local environmental permissions for the site when selected. IGES shall provide the technology, funding, design and construction for the site and shall operate the completed facility.

Indonesia

IGES has executed a term sheet with PT Hasya Jaya (PTHJ). PTHJ is a waste and recycling company based out of Java and operating over several locations in West Java. PTHJ shall be responsible for obtaining environmental permissions for the first site in Indonesia and shall be providing feedstock for the first 200 tonne per day facility. IGES shall provide the technology, funding, design and construction for the site and shall operate the completed facility.

PTHJ shall also be IGES' exclusive partner for all future plants constructed, or feedstock supply agreements entered into within Java, Sumatra, Kalimantan and Bali.

Financial Result

Ongoing work on the Amsterdam project, other project development activities and the decision to take a conservative stance with respect to the capitalisation of assets has resulted in a net loss of $19,036,102 for the six months ended 31 December 2019 (HY 2018: net loss $3,823,995).

The Company continues to invest in consulting and employee resources as we focus on our global expansion plan.

The Company has taken the conservative stance of impairing all patents down to a net carrying value of zero. This increased the loss for the half-year by $87,559 and aligns with the approach previously taken with capitalised goodwill and capitalised intellectual property. Thus, the total carrying value for all intangible assets is zero.

A further impairment decision taken in the half year relates to the plant and equipment held in Amsterdam. On the basis that it is an incomplete construction as at financial period-end, an estimate was made regarding the recoverable asset value and accordingly an impairment of $14,206,751 was recognised.

That is, of the total loss of $19,036,102 incurred in the half year to 31 December 2019, $14,206,751 relates to decisions by the Directors to recognise impairment on assets whilst the Amsterdam site is being finalised.

These impairments will be reviewed upon commencement of operation of the Amsterdam plant.

Going Concern Basis of Accounting

Notwithstanding the loss incurred and the conservative stance with respect to impairments, the financial statements of the Group have been prepared on a going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The company is able to meet its obligations based on the ability to access three sources of funding. As detailed above and disclosed in our recent market announcements, IGE's key major funding sources relate to:

(1) A commercial transaction with the US company Integrated Green Partners LLC ("IGP") which results in a payment to IGES for US$39.6 million in up-front module payments;

(2) The loan contract in place with Structured Growth Capital Inc ("SGC") for the provision of US$90 million in loan funding to IGES; and

(3) A further capital raise to supplement the previous successful raises that generated an investment of A$16.9 million.

Please also refer to Note 1: "Going concern basis of accounting".

New Accounting Standards Implemented
The Group has implemented one new Accounting Standard that is applicable for the current reporting period.

AASB 16: Leases has been applied retrospectively, with the cumulative effect of initially applying the Standard recognised as an adjustment to the opening balance of retained earnings at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases.

Dividends Paid, Recommended or Declared
No dividends were paid, declared or recommended during the half year and up to the date of this report.

Auditor's independence Declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set up on page [9].

This report is made in accordance with a resolution of the Directors.

Paul Dickson
Executive Chairman
13 March 2020

HALL CHADWICK (NSW)

**INTEGRATED GREEN ENERGY SOLUTIONS LIMITED
AND CONTROLLED ENTITIES
ABN 23 003 669 163**

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF INTEGRATED GREEN ENERGY SOLUTIONS LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Integrated Green Energy Solutions Ltd. As the lead audit partner for the audit of the financial report of Integrated Green Energy Solutions Ltd for the half year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 13 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

	Note	Consolidated 31/12/2019 $	31/12/2018 $
Revenue from continuing operations			
Other revenue			
Finance income		1	27
Other income		342,179	-
Expenses			
Administrative expenses		(439,774)	(823,307)
Consultants expenses		(370,219)	(1,021,880)
Other expenses		(72,199)	(51,605)
Depreciation and amortisation		(10,395)	(15,907)
Due diligence and transaction costs		-	-
Employment expenses		(1,216,544)	(1,003,607)
Finance costs		(2,797,947)	(731,239)
Insurance expenses		-	(26,635)
Impairment expense		(14,206,751)	-
Occupancy expenses		(264,454)	(149,843)
Share based payments		-	-
Loss before income tax expense		**(19,036,102)**	**(3,823,995)**
Income tax benefit		-	-
Net Loss for the period		**(19,036,102)**	**(3,823,995)**
Other comprehensive losses			
Items that may be subsequently be classified to profit or loss			
Exchange differences arising in translation of foreign operations		(528,871)	(290,450)
Total comprehensive loss for the period, net of tax		**(19,564,973)**	**(4,114,445)**
Loss for the year attributable to			
Owners of the parent entity		(18,590,171)	(3,802,845)
Non-controlling interest		(445,932)	(21,150)
		(19,036,102)	(3,823,995)
Total comprehensive loss attributable to			
Owners of the parent entity		(19,721,538)	(57,946,019)
Non-controlling interest		156,565	(5,119)
		(19,564,973)	(57,951,138)

	Cents / Share 31/12/2019 $	31/12/2018 $
Basic and diluted loss per share	(0.048)	(0.010)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Consolidated 31/12/2019 $	Consolidated 30/06/2019 $
Current assets			
Cash and cash equivalents	3	564,386	1,137,078
Trade and other receivables	4	64,016	77,695
Other current assets		67,313	45,345
Funds held in escrow		2,921,286	2,921,286
Total current assets		3,617,001	4,181,404
Non-current assets			
Plant and equipment	5	21,750,340	35,774,313
Right of Use Assets		52,590	-
Intangible Assets		-	75,286
Total non-current assets		21,802,930	35,849,599
Total assets		**25,419,931**	**40,031,003**
Current liabilities			
Lease Liabilities	6	32,820	-
Trade and other payables	7	27,233,866	27,072,423
Loans and other borrowings	8	22,152,677	17,561,972
Total current liabilities		49,419,364	44,634,395
Non-Current liabilities			
Lease Liabilities	6	18,692	-
Total non-current liabilities		18,692	-
Total liabilities		**49,438,056**	**44,634,395**
Net assets		**(24,018,124)**	**(4,603,392)**
Equity			
Issued capital	9	62,786,296	62,792,620
Share reserve		4,184,333	4,184,333
Foreign currency reserve		(1,041,487)	(512,617)
Non-controlling interest		(415,126)	(125,760)
Accumulated losses		(89,532,140)	(70,941,969)
Total equity		**(24,018,124)**	**(4,603,392)**

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Consolidated					
	Issued capital	Foreign currency reserve	Share reserve	Accumulated losses	Non-Controlling Interest	Total equity
	$	$	$	$		$
Balance 1 July 2018	170,239,954	(220,913)	3,927,894	(173,646,708)	(101,181)	199,047
Net loss for the year				(3,823,995)		(3,823,995)
Other comprehensive income		(290,450)				(290,450)
Total comprehensive expense for the period	-	(290,450)	-	(3,823,995)	-	(4,114,445)
Transactions with owners in their capacity as owners:						
Share based payments	1,200,000					1,200,000
Shares issued net of transaction costs	3,310,542					3,310,542
Shares to be issued to related parties						-
Cancellation of share capital	(112,222,023)			112,222,023		-
Total transactions with owners recorded directly in equity	(107,711,481)	-	-	112,222,023	-	4,510,542
Balance 31 December 2018	**62,528,474**	**(511,363)**	**3,927,894**	**(65,248,680)**	**(101,181)**	**595,144**

	Consolidated					
	Issued capital	Foreign currency reserve	Share reserve	Accumulated losses	Non-Controlling Interest	Total equity
	$	$	$	$	$	$
Balance 1 July 2019	62,792,620	(512,617)	4,184,334	(70,941,969)	(125,760)	(4,603,392)
Net profit / (loss) for the year	-	-	-	(18,590,171)	(445,932)	(19,036,103)
Other comprehensive income	-	(528,871)	-	-	156,565	(372,305)
Total comprehensive expense for the period	-	(528,871)	-	(18,590,171)	(289,367)	(19,408,408)
Transactions with owners in their capacity as owners:						
Shares issued net of transaction costs	(6,325)	-	-	-	-	(6,325)
Shares based payment	-	-	-	-	-	-
Cancellation of share capital	-	-	-	-	-	-
Total transactions with owners recorded directly in equity	(6,325)	-	-	-	-	(6,325)
Balance 31 December 2019	**62,786,295**	**(1,041,487)**	**4,184,334**	**(89,532,140)**	**(415,126)**	**(24,018,124)**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Consolidated	
	31/12/2019 $	31/12/2018 $
Cash flows from operating activities		
Government grants received	342,179	872,322
Payment to suppliers and employees inclusive of goods and services tax	(3,516,523)	(4,079,598)
	(3,174,344)	(3,207,277)
Interest received	1	-
Finance costs paid	-	731,239
Net cash outflow from operating activities	**(3,174,343)**	**(2,476,037)**
Cash flows from investing activities		
Payments for property, plant and equipment	(106,692)	(3,875,951)
Proceeds/(payments) from disposal of property, plant and equipment	-	-
Proceeds/(payments) for acquisition of IGE assets	-	-
Payment for acquisition of Bin 2 Barrel, net of cash acquired	-	-
Payments for patents	(12,273)	(1,598)
Net cash outflow from investing activities	**(118,965)**	**(3,877,549)**
Cash flows from financing activities		
Proceeds from the issue of shares net of transaction costs	-	1,559,587
Payment of funds held in escrow	-	-
Net proceeds from borrowings	2,492,547	4,812,436
Net cash inflow from financing activities	**2,492,547**	**6,372,022**
Net (outflow)/inflow in cash and cash equivalents	(800,760)	18,436
Cash and cash equivalents at the beginning of the period	1,365,147	1,346,711
Cash and cash equivalents at the end of the period	**564,386**	**1,365,147**

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1. Basis Of Preparation Of The Interim Financial Report

(a) Statement of compliance

This consolidated financial report for the half year reporting period ended December 31, 2019 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

(b) Basis of preparation

The interim financial report does not include all the notes of the type normally included in an annual financial report.

Accordingly this report is to be read in conjunction with the annual report for the year ended June 30, 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The interim consolidated financial statements have been presented in Australian dollars unless otherwise stated.

The accounting policies adopted were consistent with those of the previous financial year and corresponding interim reporting periods.

Going concern basis of accounting

During the half year ended 31 December 2019, the Group incurred an operating loss before tax of $19,036,102 and had deficiency in current assets of $45,802,363 as disclosed in the statement of profit or loss and the statement of financial position.

The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Group being successful with respect to the following factors:

a) The Company continuing being able to drawdown and carefully manage its funding to exploit the non-recyclable plastics to fuel technology on a global scale, while effectively minimising liabilities and debt repayments;

b) Operating facilities at a profit to enable the Company to pay creditors and funding commitments as they fall due; and

c) The ability of the Company to raise additional funds from shareholders and new investors.

The above factors give rise to material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

However, the Directors believe the Group will be successful in achieving favourable outcomes on the above matters and that it will have sufficient funds to pay its debts and meet its commitments from the date of this financial report, and accordingly, has prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report dated 31 December 2019. As such, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or classification of liabilities that might be necessary should the Group not continue as a going concern.

Leases

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

- Lease payments included in the measurement of the lease liability are as follows:
- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

New and Amended Accounting Policies Adopted by the Group

Initial application of AASB 16

The Group has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 30 June 2019 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: *Leases* where the Group is the lessee. There has been no significant change from prior period treatment for leases where the Group is a lessor.

The lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use asset was measured at its carrying amount as if AASB 16 had been applied since the commencement date, but discounted using the Group's incremental borrowing rate per lease term as at 1 July 2019.

The right-of-use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and prepaid and accrued lease payments previously recognised as at 1 January 2019 (that are related to the lease).

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

– for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied;

– leases that have a remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases;

– the use of hindsight to determine lease terms on contracts that have options to extend or terminate;

– applying AASB 16 to leases previously identified as leases under AASB 117 and Interpretation 4: *Determining whether an arrangement contains a lease* without reassessing whether they are, or contain, a lease at the date of initial application; and

– not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

NOTE 2. Critical Accounting Estimates and Judgement

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

	Consolidated	
	31/12/2019 $	**30/06/2019 $**
Note 3: Cash and cash equivalents		
Cash at bank	553,273	1,125,964
Rental bond	11,113	11,113
	564,386	**1,137,078**

	Consolidated	
	31/12/2019 $	**31/12/2018 $**
Note 4: Trade and other receivables		
Other receivables	64,016	77,695
	64,016	**77,695**

	Consolidated	
	31/12/2019	30/06/2019
	$	$
Note 5: Property, plant and equipment		
Plant and equipment - at cost	29,201,195	29,045,159
Less: Impairment and Depreciation	(14,217,146)	(37,138)
Property	6,766,291	6,766,291
	21,750,340	**35,774,313**

	Consolidated	
	31/12/2019	30/06/2019
Note 6: Leases	$	$
Right of use assets		
Buildings	50,089	-
Equipment and motor vehicles	2,501	-
	52,590	**-**
Lease liabilities		
Current	32,820	-
Non-current	18,692	-
	51,512	**-**

Adjustments recognised in the balance sheet on 1 July 2019

The following summary indicates the adjustments and reclassifications of financial statement line item in the balance sheet due to the implementation of AASB 16.

	Carrying amount under AASB 117	Adjustments	Carrying amount under AASB 16
	$	$	$
Right of use assets	-	52,590	52,590
Lease liabilities	-	-51,512	-51,512

Measurement of lease liabilities

	$
Operating lease commitments disclosed as at 30 June 2019	403,720
Add: finance lease liabilities recognised as at 30 June 2019	51,512
Add: Adjustments as a result of a different treatment of extension and termination options	-403,720
Lease liabilities recognised as at 1 July 2019	**51,512**

Represented by:	$
- Current lease liabilities	32,820
- Non-current lease liabilities	18,692
	51,512

Measurement of right of use assets

The associated right of use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

Note 7: Trade and other payables

	Consolidated 31/12/2019 $	Consolidated 30/06/2019 $
Trade payables	11,895,006	11,316,729
Accrued expenses and sundry creditors	9,541,040	9,922,900
Provision	5,797,820	5,832,793
	27,233,866	**27,072,422**

Note 8: Loans and other borrowings

	Consolidated 31/12/2019 $	Consolidated 30/06/2019 $
Loan from IGE	197,648	197,648
Loans from unrelated parties	14,482,782	11,990,235
Loans from related parties	3,655,577	3,655,577
Interest on loans from unrelated parties	1,045,915	364,564
Interest on loans from related parties	2,752,884	1,336,076
Loan and interest payable to TVI Pacific Inc.	-	-
Capital promissory notes and interest payable	17,872	17,872
	22,152,677	**17,561,972**

	31/12/2019 Shares	30/06/2019 Shares	31/12/2019 $	30/06/2019 $
Ordinary shares				
Ordinary shares - authorised and fully paid	393,873,378	392,622,178	62,786,296	62,792,620
	393,873,378	392,622,178	62,786,296	62,792,620

	No. of shares	$
Movements in ordinary share capital		
Balance Ordinary Shares at 31 December 2019	392,622,178	62,792,620
Share placement - debt conversion	1,251,200	-
Share placement - in lieu of directors' fees	-	-
Share placement - in lieu of payables	-	-
Share placement – cash paid	-	-
Share placement – expenses	-	(6,325)
Transaction costs	-	-
Cancellation of share capital #	-	-
Balance at 30 June 2019	**393,873,378**	**62,786,296**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the Company in proportion to the number of shares held. The fully paid ordinary shares have no par value.

	Consolidated	
	31/12/2019 $	30/06/2019 $
Share reserve		
(i) Nature and purpose of reserve		
This reserve is used to record the fair value of converting redeemable preference shares and options		
Balance at beginning of year	4,184,334	3,927,894
options issued for acquisition of IGE assets	-	256,440
Balance at end of year	**4,184,334**	**4,184,334**
Foreign currency reserve		
(i) Nature and purpose of reserve		
This reserve is used to record the exchange differences arising on translation of a foreign entity		
Balance at beginning of year	(512,617)	(220,913)
Foreign currency movements	(528,871)	(291,704)
Balance at end of year	**(1,041,487)**	**(512,617)**

Note 10. Event Subsequent to Reporting Date

On 7 January 2020 the Company announced it had been successful in its application for grant funding under the Australian Government Cooperative Research Centres Projects Round 8 scheme. IGES partnered with the University of Sydney to make the application. The total grant amount is $1.98 Million to be spent over 3 years and leverages contributions from the University. On 4 March 2020 the Company received its first drawdown of $121,749 (ex GST) of the grant.

On 15 January the Company announced it would be paid a down-payment from Integrated Green Partners LLC, the joint venture company it jointly owns with GEP Fuel and Energy Indiana, LLC. for initial module construction costs. The upfront invoice agreed is US$39.6 million and forms part of the USD$70 million that will ultimately be paid to IGES for the 24 modules. IGES will generate an arm's length negotiated profit margin on the construction and supply of the modules to the IGP partnership. It is scheduled that the initial tranche of this US$39.6 million to IGES will be received by the Company in March and in the short term will be utilised to expediate the construction of Amsterdam and accelerate the other permitted projects in Thailand and Northampton whilst providing all deliverables for the Camden project on a timely basis.

DIRECTORS' DECLARATION

The Directors of Integrated Green Energy Solutions Ltd declare that:

(a) the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting reporting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional requirements;

(b) the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and

(c) 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 directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

Paul Dickson
Executive Chairman
13 March 2020

HALL CHADWICK (NSW)

INTEGRATED GREEN ENERGY SOLUTIONS LIMITED
AND CONTROLLED ENTITIES
ABN 23 003 669 163

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS
INTEGRATED GREEN ENERGY SOLUTIONS LIMITED

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Integrated Green Energy Solutions Limited, which comprises the consolidated statement of financial position as at 31 December 2019, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Integrated Green Energy Solutions Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 Integrated Green Energy Solutions Limited's financial position as at 31 December 2019 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 Integrated Green Energy Solutions 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 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.

HALL CHADWICK (NSW)

INTEGRATED GREEN ENERGY SOLUTIONS LIMITED
AND CONTROLLED ENTITIES
ABN 23 003 669 163

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS
INTEGRATED GREEN ENERGY SOLUTIONS LIMITED

Conclusion

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

(i) giving a true and fair view of Integrated Green Energy Solutions Limited's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report, which indicates that the group has incurred a net loss after tax of $19,036,102 during the half-year ended 31 December 2019 and, as of that date, the group's liabilities exceeded its assets by $24,018,124. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 13 March 2020