



LIMITED

ABN 41 062 284 084

Half-Year Financial Report for the period ended
31 December 2017

CORPORATE DIRECTORY

DIRECTORS: Richard Ong (Chairman)
Chris Low
Peter Ng
David Low

COMPANY SECRETARY: Ian Gregory

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This Half-Year Financial Report covers the Consolidated Entity comprising Syngas Limited ("Company") and its subsidiaries. The functional currency and presentation currency of the Company is Australian Dollars.

A description of the Consolidated Entity's operations and its principal activities are included in the Review of Operations in the Directors' Report. The Directors' Report has not been reviewed by the auditors.

DIRECTORS' DECLARATION

The directors present the financial report of Syngas Limited ("Company") and its controlled entities ("Consolidated Entity") for the half-year ended 31 December 2017.

In order to comply with the provisions of the *Corporations Act 2001*, the directors' report is as follows:

DIRECTORS

The names of the directors of the Company who held office during the half-year are:

Richard Ong

Chris Low

Peter Ng

David Low

OPERATING RESULTS

The after income tax loss for the Consolidated Entity amounted to \$179,467 (2016: \$200,288).

REVIEW OF OPERATIONS

As earlier announced, the Company had entered into a Joint Venture Agreement ("JVA") with Centuries Andalas Ltd. ("Centuries") and PT Cahaya Terang Makmur ("PT Cahaya") whereby Syngas will acquire from Centuries an aggregate of 25,000 ordinary shares with the nominal value of Rupiah One Hundred Thousand (Rp100,000.00) per share in PT Cahaya at par amounting to Rp2,500,000,000 or approximately A\$233,984. PT Cahaya has the right to construct and operate a 10 MW mini-hydro run-of-river power plant (the "Project") located on Batang Toru 6 river in the Island of Sumatra, Republic of Indonesia.

The JVA is subject to a number of conditions precedents, amongst others, PT Cahaya to secure a bankable Power Purchase Agreement ("PPA") to be executed between PT Cahaya and the Indonesian Utility company, PT PLN (Persero).

PT Cahaya has been offered a tariff of USD7.86 cents per kWh by PT PLN, for electricity generated by the power plant for a concession period of thirty (30) years. This current tariff will result in the Internal Rate of Return ("IRR") for the project falling below our required investment hurdle rate and PT Cahaya seeking to appeal for a higher tariff rate. PT Cahaya is also in negotiation with several landowners on the acquisition price per-metre square for the project site pending the finalisation of the tariff rate with PT PLN.

Hence, Syngas, Centuries and PT Cahaya have on 26 January 2018, mutually agreed to an extension of time of six (6) months to fulfill the condition precedent.

In the meantime, the Board is also open to considering investment in other income generating assets such as other existing income generating power plants as well as small potential producing minerals projects in order to generate income and cashflow for the Company.

Syngas' cash-in-bank and cash equivalents as at 31 of December 2017 were \$48,516 (30 June 2017: \$65,279).

DIRECTORS' DECLARATION

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the *Corporations Act 2001 section 307C* the auditors of the Company, Moore Stephens Victoria, have provided a signed auditor's independence declaration to the directors in relation to the half-year ended 31 December 2017. This declaration is attached to and forms part of this report.

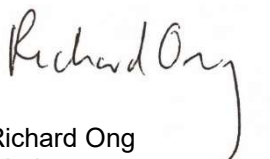
Signed as approved and authorised for issue by the Board of Directors.


Richard Ong
Chairman
13 March 2018

The directors of Syngas Limited declare that:

- a) in their opinion the accompanying financial statements and notes of the Consolidated Entity;
 - i) give a true and fair view of the financial position as at 31 December 2017 and the performance for the half-year ended on that date of the Consolidated Entity; and
 - ii) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- b) Subject to achievement of the matters set out in Note 1 to the financial report, in their opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with approval of the Board of Directors and is signed for and on behalf of the directors by:


Richard Ong
Chairman
13 March 2018

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SYNGAS LIMITED AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2017, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

MOORE STEPHENS AUDIT (VIC)

ABN 16 847 721 257



RYAN LEEMON

Partner

Audit & Assurance Services

Melbourne, Victoria

13 March 2018

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
HALF-YEAR ENDED 31 DECEMBER 2017**

	Note	Half-Year 2017	Half-Year 2016
CONTINUING OPERATIONS			
Interest received from other persons		16	17
Administrative expenses	3	(179,483)	(200,305)
LOSS BEFORE INCOME TAX (EXPENSE)/BENEFIT		(179,467)	(200,288)
Income tax (expense)/benefit		--	--
LOSS AFTER INCOME TAX (EXPENSE)/BENEFIT		(179,467)	(200,288)
Other comprehensive income for the half-year		--	--
Minority Interest		--	--
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR		(179,467)	(200,288)
BASIC AND DILUTED LOSS PER SHARE (CENTS PER SHARE)		(0.03)	(0.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	31 December 2017	30 June 2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		48,516	65,279
Trade and other receivables		--	--
TOTAL CURRENT ASSETS		48,516	65,279
NON-CURRENT ASSETS			
Property, plant and equipment		222	344
TOTAL NON-CURRENT ASSETS		222	344
TOTAL ASSETS		48,738	64,623
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	4	430,624	370,295
Borrowings	5	1,328,966	1,226,713
TOTAL CURRENT LIABILITIES		1,759,590	1,597,008
TOTAL LIABILITIES		1,759,590	1,597,008
NET ASSETS		(1,710,852)	(1,531,385)
EQUITY			
Contributed equity	6	35,016,571	35,016,571
Accumulated losses		(36,727,423)	(36,547,956)
TOTAL EQUITY		(1,710,852)	(1,531,385)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Half-Year 2017	Half-Year 2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers & employees	(66,779)	(65,262)
Interest received	16	17
Other		
NET CASH USED IN OPERATING ACTIVITIES	(66,763)	(65,245)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	--	--
NET CASH USED IN INVESTING ACTIVITIES	--	--
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	50,000	100,000
Borrowing Costs	--	--
Repayment of Borrowings	--	--
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	50,000	100,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(16,763)	34,755
Cash and cash equivalents at beginning of period	65,279	76,384
CASH AND CASH EQUIVALENTS AT END OF PERIOD	48,516	111,139

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

Half-Year to 31 December 2017	Issued Capital	Accumulated Losses	Total Equity
	\$	\$	\$
AT 1 JULY 2017	35,016,571	(36,547,956)	(1,531,385)
LOSS FOR THE PERIOD	---	(179,467)	(179,467)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	---	(179,467)	(179,467)
AT 31 DECEMBER 2017	35,016,571	(36,727,423)	(1,710,852)

Half-Year to 31 December 2016	Issued Capital	Accumulated Losses	Total Equity
	\$	\$	
AT 1 JULY 2016	35,016,571	(36,172,842)	(1,156,271)
LOSS FOR THE PERIOD	---	(200,288)	(200,288)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	---	(200,288)	(200,288)
AT 31 DECEMBER 2016	35,016,571	(36,373,130)	(1,356,559)

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2017 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 Interim Financial Reporting.

The half-year financial report does not include all notes of the type normally included within the annual financial report. Accordingly this financial report is to be read in conjunction with the annual report for the year ended 30 June 2017 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 principal accounting policies adopted are consistent with those of the previous financial year and the corresponding period.

Going concern

The Consolidated Entity recorded a loss of \$179,467 for the half year ended 31 December 2017 (2016: \$200,288), net cash inflows of (\$16,763) (2016: \$34,755) and has net liabilities of \$1,710,852 at 31 December 2017 (30 June 2017: \$1,531,385). The Consolidated Entity's cash flow forecasts show that it will require additional funding to enable it to meet ongoing expenditure commitments for at least twelve months from the date of signing these financial statements.

The financial report has been prepared on the basis that the Consolidated Entity can continue to meet its commitments as and when they fall due. In arriving at this position the directors have had regard to the fact that they are actively pursuing further funding initiatives to provide additional working capital, including identification and implementation of profitable projects, potential equity issues, have expressed their continued support of the loan facility in place (note 5). Directors have deferred settlement of all entitlements from the company for a period of not less than 12 months or until such time that cashflow permits and is not to the detriment to other financial obligations and commitments of the company.

Commitment has been received from the Directors confirming ongoing financial support to the company as and when it is needed, as to enable the company to meet its financial obligations as and when they fall due and to carry on business without constraint of operations for a period of no less than 12 months.

The directors believe that at the date of the signing of the financial statements there are reasonable grounds to believe that, having regard to the matters set out above, the company will be able to raise sufficient funds to meet its obligations as and when they fall due and continue to proceed with the Consolidated Entity's strategic objectives beyond the currently committed expenditure.

Should the directors not achieve the matters set out above, there is significant uncertainty whether the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

New, revised or amending Accounting Standards and Interpretations adopted.

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2017**

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. None of these are expected to have a significant effect on the consolidated financial statements.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation were the same as those applied to the annual financial report as at and for the year ended 30th June 2017.

NOTE 3. ADMINISTRATIVE EXPENSES

	Half-Year to 31 December 2017	Half-Year to 31 December 2016
	\$	\$
Staff and consultants	90,000	110,000
Rental expenses	1,050	1,249
Depreciation of plant and equipment	122	122
Finance Costs	52,252	45,350
Other	36,059	43,584
	179,483	200,305

NOTE 4. TRADE AND OTHER PAYABLES

	Half-Year to 31 December 2017	Half-Year to 31 December 2016
	\$	\$
Director fees accrued	387,001	251,667
Other payables	43,623	118,628
	430,624	370,295

The Company has received confirmations from its Directors to defer payment of the Directors fees for 12 months until there is sufficient free cash flow available to the company over and above what is required to settle ongoing financial obligations as and when they fall due.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2017**

NOTE 5. BORROWINGS

	31 December 2017	30 June 2017
	\$	\$
Loan from Director and entity related to Director	1,328,966	1,226,713
	1,328,966	1,226,713

During the period, the Company drew down an additional \$50,000 from the \$350,000 Loan Facility with AsiaPacific Businesslink Sdn Bhd, an entity associated with Mr Chris Low, a director of the Company. As at 31 December 2017, a total of \$350,000 has been drawn from this facility, with \$50,349 interest accumulated. The Company also has a loan facility with Mr Chris Low, the balance of which stood at \$928,617 as at 31 December, 2017, being the principal of \$700,000 and accumulated interest of \$228,617. The Company has received confirmation from the Lender that the aforesaid loans shall not be called for 12 months or until there is sufficient free cash flow available to the Company over and above what is required to settle ongoing financial obligations as and when they fall due.

In addition to the above, the Company also has a \$400,000 Loan Facility with AsiaPacific Businesslink Sdn Bhd which has not been utilised.

NOTE 6. CONTRIBUTED EQUITY

	31 December 2017		30 June 2017	
	Number of Shares	\$	Number of Shares	\$
Ordinary shares	581,440,288	35,016,571	581,440,288	35,016,571

NOTE 7. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the Balance Date, the Company entered into an extension of fulfilling the conditions precedents of the Joint Venture Agreement with Centuries Andalas Ltd ("Centuries") for an equity/investment participation in PT Cahaya up to 26 July 2018.

The Joint Venture Agreement enables Syngas to acquire from Centuries an aggregate of 25,000 ordinary shares with the nominal value of Rupiah One Hundred Thousand (Rp100,000.00) per share in PT Cahaya at par amounting to Rp2,500,000,000 or approximately A\$233,984.

NOTE 8. DIVIDENDS

No dividends have been paid or declared in the half-year ended 31 December 2017 (31 December 2016: nil).

NOTE 9. SEGMENT REPORTING

The Consolidated Entity:

1. has currently only one operating segment, being energy projects, and the segment operations and results are the same as the Consolidated Entity results; and
2. has based its operating segment reporting on the internal reports that are reviewed and used by executive management on a monthly basis in assessing performance and in determining the allocation of resources.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2017**

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SYNGAS LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Syngas Limited and controlled entities (**the company**), which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, the condensed 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 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 (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 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 Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports 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:

- a. giving a true and fair view of the company's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the company, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Conclusion

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

- a. giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- b. complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 1- Going Concern which indicates the consolidated company incurred a loss of \$179,467 during the period as well as being in a net liability position of \$1,710,852 for the half year ended 31 December 2017. The directors of the consolidated company have set out the assumptions used in preparing the financial report on a going concern basis in Note 1- Going Concern. If these assumptions do not eventuate, it may cast doubt over the consolidated company's ability to continue as a going concern and therefore the consolidated company may not be able to realise its assets and discharge its liabilities in the normal course of business.

MOORE STEPHENS

MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257



RYAN LEEMON
Partner
Audit & Assurance Services

Melbourne, Victoria

13 March 2018