
GREENBOX GROUP LIMITED

A.C.N. 006 768 332

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2010**

Contents

Directors' Report..... 2

Independence Declaration..... 8

Statement of Comprehensive Income For the Half Year Ended 31 December 2010 9

Statement of Financial Position as at 31 December 2010 10

Statement of Changes in Equity..... 11

Statement of Cash Flows For the Half Year Ended 31 December 2010 12

Notes to and Forming Part of the Financial Statements For the Half Year Ended
31 December 2010 13

Directors' Declaration 17

Independent Auditor's Review Report 18

Directors' Report

The Directors of GreenBox Group Limited ("the Company") present their report together with the financial report of the Company and its controlled entities ('the economic entity') for the half year ended 31 December 2010 and the auditors' review report thereon, which should be read in conjunction with the continuous disclosure obligations arising under the Corporations Act 2001.

DIRECTORS

The Directors of the Company in office at any time during or since the end of the half-year are:–

Peter Carre

Independent Chairman. Appointed Non-Executive Director on 16 December 2010.

Peter has been involved in strategic evaluation, development and implementation of global technology investment opportunities for over 40 years. He is a Harvard trained economist and lawyer who began technology finance in the Asia Pacific in 1969 with the Bank of Boston in Sydney and Tokyo.

He has been CEO of Peter Carre and Associates, Wilshire Global Advisors, Burrill Australia and the Rein Foundation. He is currently Chairman of Water Resources Group, a leading low carbon footprint water treatment technology and distribution water sales company; Chairman of Antares Ltd, a wholly owned investment management subsidiary of National Australia Bank operating as the NABInvest Group; and Chairman, PowerSense Ltd. He is active in the promotion of sustainability through the Executive Committee of the National Business Leaders Forum on Sustainable Development, as an advisor to Momentum Green, a Singaporean clean tech fund and as director of the Tasmanian Renewable Energy Board.

Christopher Mrakas

Chief Executive Officer and Head of Innovation. Appointed Executive Director on 16 December 2010. Also Executive Director of GreenBox IP Pty Ltd and Jackgreen International Pty Ltd.

Chris is an entrepreneur with a background in technology development and private equity. He is an experienced software engineer and has led major systems deployments. Chris is responsible for the overall operations of the Company with a focus on the delivery of smart energy systems.

Chris co-founded GreenBox IP Pty Ltd in 2008 with a vision to create a smart energy service business that would fundamentally change the energy sector. Chris is a leader in what is becoming termed "Smart Micro Utility", a business model that focuses on creating value for the customer whilst reducing energy consumption, emissions and enhancing lifestyle using a distributed generation model.

Chris is a veteran of the software and high technology industries and brings 25 years of technology, executive management, and entrepreneurship experience. Chris is a strategic thinker who has worked in start-ups and the corporate world. Throughout his career, he has been committed to using technology to produce positive social change.

Chris has experience in value creation by using disruptive innovations in established markets. Immediately prior to joining GreenBox, he worked at Capgemini, a global technology firm where he had responsibility for the Australian operation's strategic deal origination and was the Director of business development with a focus in energy and utilities. Prior to Capgemini he was at Accenture working in Business Development and also worked for a boutique firm specializing in spin-out/carve-out transactions involving outsourcing, mergers and acquisitions.

Chris' industry experience includes both public and private companies covering the energy, communication, information technology, defence, financial services sectors and professional services. He has provided strategic consulting services to multi-national corporations and conducted assignments in numerous countries, including North America, Europe and Japan. He holds two tertiary qualifications: Bachelor of Business (majoring in Accounting) and Post Graduate Diploma in Information Technology.

Directors' Report (cont.)

Simon Barnes

Chief Operating Officer and Head of Commercial Development. Appointed Executive Director on 16 December 2010. Also Executive Director of GreenBox IP Pty Ltd and Jackgreen International Pty Ltd.

Simon co-founded GreenBox IP Pty Ltd in 2008. As Chief Operating Officer and Head of Commercial Development, he oversees the business development and commercialisation of innovations, strategic partnerships and supply chain relationships.

Simon is responsible for advancing the Company's smart energy strategy with key Strategic Alliance Partners globally. Simon has a passion for the creating value for the customer in a sustainable responsible manner.

Simon is a business development professional with an extensive background in software engineering, transformation and technology consulting. He is also co-founder and executive director of Whitespace Private Equity, a boutique, clean tech deals house.

Prior to founding GreenBox IP Pty Ltd, Simon was the business development director for utilities and telcos at Capgemini Australia, Strategic Alliances and director at Capgemini UK and IBM. He has served in a variety of executive management roles focusing on solution sales and services. In these capacities he has been instrumental in the growth and evolution of the major solution sales through the creation of innovative channels, pipeline development, strategic alliances and business growth strategies.

Simon has over fourteen years of experience in developing shared services, joint ventures and strategic alliances in leading IT, financial services, utility and telecommunications companies working for global companies. Simon has developed complex outsourcing and transformation transactions in the energy and utilities sector. These deals include the optimisation of utility retail operations and the development of capabilities for the smart energy grid and carbon neutral world.

Simon has an extensive background in business consulting and IT transformation working for major consulting players including IBM and Capgemini and has served as an emerging technology advisor for both public and private sector organisations.

Simon is responsible for the establishment of the operational functions of the business and the negotiation of commercial contracts and partnerships.

He holds a BSc degree in Computer Science and Artificial Intelligence from the University of Birmingham.

Directors' Report (cont.)

Richard Arnold

Appointed Non-Executive Director on 16 December 2010. Independent Chairman of GreenBox Group's Audit Committee.

Richard is an experienced executive with a background in investment, technology commercialization, new business development and clean tech. He is currently director of Stonebridge Group, Water Resources Group and the Water Factory.

Richard served from 2006 to March 2010 as Chief Operating Officer and Chief Financial Officer of Phoenix Technologies Ltd., (NASDAQ: PTEC), the world's leading provider of core system software to the computer industry. He previously served as a member of the Board of Directors and Chairman of the Audit Committee of Intellisync Corporation (NASDAQ: SYNC) and as a member of the Board of Directors and Chairman of the Audit Committee of Saint Bernard Software, Inc. (NASDAQ: SBSW).

From 2001 to 2006, Richard served as a founding partner of Committed Capital Proprietary Limited, a private equity investment company based in Sydney, Australia. From 1999 to 2001, he served as Executive Director of Consolidated Press Holdings Limited, also a private investment company based in Sydney. Richard has also previously served as Managing Director of TD Waterhouse Australia, a securities dealer; as Chief Executive Officer of Integrated Decisions and Systems, Inc., an application software company; as Managing Director of Eagleroo Proprietary Limited, a corporate advisory company; and in various senior management capacities with Charles Schwab Corporation (NASDAQ: SCHW), a large securities brokerage and financial services company, including serving as Chief Financial Officer and as Executive Vice President — Strategy and Corporate Development.

Richard holds a B.S. degree in psychology from Stanford University, has homes in both Australia and the USA, and is a Fellow of the Australian Institute of Company Directors.

Ronald Langley

Appointed Non-Executive Director on 16 December 2010. Independent Chairman of GreenBox Group's Remuneration Committee.

Ronald is an experienced private investor with a background in corporate acquisitions and the resources sector.

Ronald is currently non-executive Chairman of PICO Holdings, Inc and a non-executive director of Redflex Holdings Limited.

Ronald was formerly Executive Chairman of PICO Holdings, Inc. for 12 years to the end of 2007, then a non-executive director of PICO Holdings, Inc., a non-executive director of Guinness Peat Group plc and a non-executive director of Jungfraubahn Holding AG.

Directors' Report (Cont.)

RESULTS OF OPERATIONS

The operating profit (loss) of the economic entity after income tax amounted to \$6,545,805 (2009:loss of \$3,198,663).

REVIEW OF OPERATIONS

During the period under review, the Company's operations were focussed on the following activities:

Completion of the Deed of Company Arrangement

The company moved out of receivership and administration through a Deed of Company Arrangement (DOCA) that was approved by shareholders and was finalised on 15 November 2010. This DOCA has enabled the Company to enter a new phase of becoming a smart energy retailer. This was undertaken via an Extraordinary General Meeting (EGM) held in Sydney on the 16 December 2010.

Adoption of a New Constitution

The company has adopted a new constitution.

Implemented a Recapitalisation Plan

A recapitalisation plan approved by shareholders has commenced that involved the consolidation of capital, an entitlement offer, conversion of convertible notes and the issue of new capital. A prospectus has been issued as part of this plan and the plan was approved by Extraordinary General Meeting on 16 December 2010.

Acquired GreenBox Group Pty Ltd

GreenBox Group Pty Ltd was acquired by the GreenBox Group Limited by the issuance of new shares. This also involved the issuance of a convertible note and options in the Company. The acquired subsidiary was renamed GreenBox IP Pty Ltd.

Issued an Entitlement Offer

Existing Shareholders of the Company have been offered an opportunity to invest for additional capital in the Company via an Entitlement Offer as part of the recapitalisation plan.

Prepared for Capital Raising

The Company entered into discussions with interested parties and advisors to assist in the Capital Raising aspect of the Recapitalisation Plan. It lodged a prospectus on 17 December 2010 in connection with:-

- a 1:1 entitlement offer of ordinary shares at \$0.10 per new shares for eligible shareholders;
- a top –up offer of ordinary shares at \$0.10 per new share to eligible top-up shareholders; and
- a public offer of up to 50,000,000 ordinary shares of \$0.10 per new share to eligible public offer applicants.

Election of New Board of Directors

A new board of directors was elected on 16 December 2010.

Changed the Company Name to GreenBox Group Limited

The Company changed its name to GreenBox Group Limited with a new ASX code of GNB. The name of the wholly owned subsidiary GreenBox Group Pty Ltd was changed to GreenBox IP Pty Ltd.

Removed Auditor and Appointed New Auditor

William Buck was removed as the Company Auditor and a new auditor was appointed. The new auditor is Stannards Accountants and Advisors.

Directors' Report (Cont'd)

Continued with Programme to Recover Debtors Book

The Company has a substantial debtor's book of outstanding Debtors and continued to focus on collections using a third party professional debt recovery firm. The objective of this process is to firm up and to realise the outstanding debts as quickly and efficiently as possible.

Restructure of Company

The Company has been restructured with the addition of an Intellectual Property business unit. It also involved representations and discussions with the Australian Securities Exchange and Australian Securities and Investments Commission for reinstatement to the Australian Securities Exchange.

Appointed New CEO

A new Chief Executive Officer, Christopher Mrakas was appointed to the Group.

Continued the Development of Smart Energy Product

GreenBox IP Pty Ltd continued to work towards the completion of the Smart Energy Product for market entry. This involved software, technology and business processes.

Initiated activities to restore and retain licences required for Energy Retail

Considerable effort was put into the restoration of all regulatory licences required to operate an energy retail business. This involved organisations such as State Government entities, (including Essential Services, Ipart, and the Department of Human Services) and national Industry bodies such as the Australian Energy Market Operator (AEMO). The Company has made representations and submissions to these parties to enable it to enter the market as an Energy Retailer. Activities also included the review and assessment of existing systems and processes and the negotiation with various industry providers of energy related services such as billing systems and services.

Smart Energy Trail

The Company continued activities in preparation for undertaking a trial of the smart energy services with a major strategic alliance partner. This trial is the prelude to full market entry as an Energy Retailer.

Smart Energy Market Entry

The Company continued activities in the design and deployment of key business components required for full market entry in Smart Retail Energy. This set of activities includes negotiations with potential strategic partners and vendors. The Company has not entered into any material arrangements during the 6 months under review.

STATE OF AFFAIRS

The major activity of the Company during the period under review revolved around endeavours to recapitalise the Company post the Deed of Company Arrangement and the preparation of the Company for re-entry into the Energy Retail market.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the economic entity that occurred during the 6 months under review or thereafter not otherwise disclosed in this report or the financial report.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this report on page 8.

Signed in accordance with a resolution of the Board of Directors:–

On behalf of the Directors

Christopher Mrakas - Director

Dated:



STANNARDS
Accountants and Advisors

Partners
Marino Angelini, CA
Michael Shulman, CA
Nello Traficante, CPA
Jason Wall, CA

Associates
Nicole Postan, CA

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GREENBOX GROUP LTD**

I declare that, to the best of my knowledge and belief, during the half year ended 31 December, 2010 there have been:-

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

This declaration is in respect of GreenBox Group Ltd and the entities it controlled during the period.

Stannards, Accountants & Advisors

Nicole L Postan
Partner

Dated



Stannards Accountants and Advisors Pty Ltd A.C.N. 006 857 441
Level 1, 60 Toorak Road, South Yarra, Vic 3141
Tel: (03) 9867 4433 Email: advisors@stannards.com.au Fax: (03) 9867 5118

**Statement of Comprehensive Income
For the Half Year Ended 31 December 2010**

| | Note | Economic Entity 31 December 2010 \$ | Economic Entity 31 December 2009 \$ |
|---|------|---|---|
| Revenue from continuing operations: | 2 | 7,475,251 | 5,034,111 |
| Expenses from continuing activities: | | | |
| Occupancy costs | | - | (106,335) |
| Regulatory and compliance costs | | 18,446 | (470,301) |
| Employee costs | | - | (3,008,832) |
| Legal Fees | | (129,181) | - |
| Interest Costs | | 192,400 | (843,324) |
| Marketing and Public Relations | | - | (1,219,829) |
| Bad and Doubtful debts | | - | (245,455) |
| Administrators Remuneration | | (745,076) | (378,479) |
| Administration costs | | (266,035) | (1,960,219) |
| Profit/(Loss) before income tax | | 6,545,805 | (3,198,663) |
| Income tax expense | | - | - |
| Profit/(Loss) attributable to members of parent entity | | 6,545,805 | (3,198,663) |
| Other comprehensive income for the period net of tax | | - | - |
| Total comprehensive profit (loss) income for the period | | 6,545,805 | (3,198,663) |
| Total comprehensive income attributable to members of the parent entity | | 6,545,805 | (3,198,663) |
| Basic Profit/ (Loss) Per Share (cents per share) | 4 | 1.87 | (1.59) |
| Diluted Profit/ (Loss) Per Share (cents per share) | 4 | - | - |

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the half-year financial statements set out on pages 13 to 16.

GREENBOX GROUP LIMITED

Consolidated Statement of Financial Position as at 31 December 2010

| | Note | Economic Entity 31 December 2010 \$ | Economic Entity 30 June 2010 \$ |
|--------------------------------------|------|--|--|
| Current Assets | | | |
| Cash and Cash Equivalents | | 189,401 | 1,110,727 |
| Trade and Other Receivables | | 3,565,284 | 6,672,766 |
| Inventories | | 10,431 | - |
| Prepayments | | - | (35,821) |
| Other Assets | | 84,232 | 1,339,878 |
| Total Current Assets | | 3,849,348 | 9,087,550 |
| Non Current Assets | | | |
| Plant and Equipment | | 81,882 | 53,473 |
| Intangibles | | 17,865,584 | 1,285,219 |
| Deferred Tax | | 5,743 | 5,743 |
| Total Non Current Assets | | 17,953,209 | 1,344,435 |
| Total Assets | | 21,802,557 | 10,431,985 |
| Current Liabilities | | | |
| Provisions | | 19,183 | 252,724 |
| Trade and Other Payables | | 1,395,121 | 11,135,454 |
| Borrowings | | - | 576,378 |
| Total Current Liabilities | | 1,414,304 | 11,964,556 |
| Non Current Liabilities | | | |
| Provisions | | - | 32,515 |
| Borrowings | 6 | 930,115 | - |
| Total Non Current Liabilities | | 930,115 | 32,515 |
| Total Liabilities | | 2,344,419 | 11,997,071 |
| Net Assets | | 19,458,138 | (1,565,086) |
| Equity | | | |
| Issued Capital | 3 | 68,683,530 | 54,206,111 |
| Reserves | | 767,940 | 767,940 |
| (Accumulated Losses) | | (49,993,332) | (56,539,137) |
| Total Equity | | 19,458,138 | (1,565,086) |

The statement of financial position is to be read in conjunction with the notes to and forming part of the half-year financial statements set out on pages 13 to 16.

**Consolidated Statement of Changes in Equity
for the half year ended 31 December 2010**

| | Note | Issued Capital | (Accumulated Losses) | Reserves | Total |
|--|------|-------------------|-------------------------|----------------|-------------------|
| | | \$ | \$ | \$ | \$ |
| Balance at 1 July 2009 | | 50,132,565 | (37,136,449) | 181,488 | 13,177,604 |
| Shares issued during period | 3 | 4,073,546 | - | - | 4,073,546 |
| Reserve movements | | - | - | 443,808 | 443,808 |
| Total comprehensive (loss)/income for the period | | - | (3,198,663) | - | (3,198,663) |
| Balance at 31 December 2009 | | 54,206,111 | (40,335,112) | 625,296 | 14,496,295 |
| Balance at 1 July 2010 | | 54,206,111 | (56,539,137) | 767,940 | (1,565,086) |
| Shares issued during period | 3 | 15,000,000 | - | - | 15,000,000 |
| Capital raising costs | 3 | (522,581) | - | - | (522,581) |
| Total comprehensive income/ (loss) for the period | | - | 6,545,805 | - | 6,545,805 |
| Balance at 31 December 2010 | | 68,683,530 | (49,993,332) | 767,940 | 19,458,138 |

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the half-year financial statements set out on pages 13 to 16.

**Consolidated Statement of Cash Flows
For the Half Year Ended 31 December 2010**

| | Note | Economic Entity 31 December 2010 \$ | Economic Entity 31 December 2009 \$ |
|--|------|---|---|
| Cash Flows from Operating Activities | | | |
| Receipts from customers | | 9,782,733 | 22,589,477 |
| Payments to suppliers and employees | | (10,374,209) | (30,243,973) |
| Interest received | | 3,330 | 28,723 |
| Net Cash (Used in)/ Provided by Operating Activities | | (588,146) | (7,625,773) |
| Cash Flows from Investing Activities | | | |
| Cash and Cash Equivalents acquired | 7 | 189,401 | 2,799 |
| Net Cash Provided by (Used in) Investing Activities | | 189,401 | 2,799 |
| Cash Flows from Financing Activities | | | |
| Shares issued | | - | 4,073,546 |
| Capital raising costs | | (522,581) | - |
| Net Cash (Used in) Provided by Financing Activities | | (522,581) | 4,073,546 |
| Net Increase (decrease) in Cash and Cash Equivalents | | (921,326) | (3,549,428) |
| Cash and cash equivalents at the beginning of the half year | | 1,110,727 | 3,970,603 |
| Cash and Cash Equivalents at the end of the Half Year | | 189,401 | 421,175 |

The statement of cash flows is to be read in conjunction with the notes to and forming part of the half-year financial statements set out on pages 13 to 16.

**Notes To and Forming Part of the Financial Statements
For the Half Year Ended 31 December 2010****BASIS OF PREPARATION OF SIX MONTH FINANCIAL REPORT**

This general purpose half-yearly financial report has been prepared in accordance with AASB 134 'Interim Financial Reporting', Australian Accounting Interpretations, the Corporations Act 2001 and other authoritative pronouncement of the Australian Accounting Standards Board. Compliance with these pronouncements ensures that the financial report and notes also comply with International Financial Reporting Standards. It is recommended that this report should be read in conjunction with the 2010 Annual Report and any public announcements made by the Company during the half year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001. The half-yearly financial report does not include full disclosures and notes of the type normally included in an annual financial report.

The accounting policies and methods of computation applied in preparing the financial statements for the half year ended 31 December 2010 are consistent with those used in preparing the comparative information presented in these financial statements.

Basis of accounting

An accruals basis of accounting has been adopted. The report is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been adopted. This report is prepared on the basis that tax losses from prior years will continue to meet the 'carry forward' requirements imposed by the Australian Taxation Office.

Going concern

For the half year ended 31 December 2010 the economic entity earned a total comprehensive profit after tax of \$6,545,805 (2009: Loss (\$3,198,663)), had regular cash flows from operating activities of negative \$588,146 (2009: negative \$7,625,773), and had net current assets of \$2,435,044 (2009: negative \$2,877,006). The entity does not have any regular source of income and is currently reliant on the raising of capital from third parties to fund their operating activities. For the period covering 12 months from the date of signature of the financial report, the economic entity expects this trend to improve. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The ability of the entity to continue as going concern is dependent upon a number of factors, one being the continuation and availability of capital funds. The economic entity is expecting to fund ongoing obligations beyond the net current asset position as at 31 December 2010 as follows:

The Company is seeking to raise \$5 million by an issue of up to 50,000,000 new shares of \$0.10 each under the following offers:

- an entitlement offer to existing eligible Shareholders (Entitlement Offer) of a 1:1 non renounceable basis to existing Shareholders in Australia or New Zealand but excluding the GreenBox IP Vendors;
- a top up offer to existing eligible Shareholders (Top-up Offer) in Australia or New Zealand who have taken up their Entitlement in full under the Entitlement Offer but do not have a Marketable Parcel of 5,000 shares; and
- a public offer to eligible participants (Public Offer), including a Priority Offer to existing Shareholders of the Company to persons eligible to receive the offer in Australia and New Zealand and allocated under the Public Offer on a first-in, first-served basis unless determined otherwise by the Company.

The Offers have not been underwritten and New Shares issued under the Prospectus will rank equally with existing Shares.

Allotment is expected to take place no later than 16 March 2011.

**Notes To and Forming Part of the Financial Statements
For the Half Year Ended 31 December 2010**

1. BASIS OF PREPARATION OF SIX MONTH FINANCIAL REPORT (Cont)

Cash flow forecasts prepared by management demonstrate that the Company and economic entity have sufficient cash flows to meet their commitments over the next twelve months based on the above factors, and for that reason the financial statements have been prepared on the basis that the Company and the economic entity are a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

Should the Company and economic entity be unable to continue as going concerns, they may be required to realise assets and extinguish liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company and economic entity not continue as going concerns.

**Notes To and Forming Part of the Financial Statements
For the Half Year Ended 31 December 2010**

| | Economic Entity 31 December 2010 \$ | Economic Entity 31 December 2009 \$ |
|---|--|--|
| 2. REVENUE | | |
| Operating profit/(loss) has been determined after:- Crediting as Income: | | |
| Sundry Income | 7,311,921 | - |
| Interest received or due and receivable | 3,330 | 28,723 |

Sundry Income of \$3,232,325 relates to previously accrued expenditure, now reversed as management believe that these amounts and all related obligations thereto have been satisfied in full. A further \$4,079,596 relates to net trade payables transferred to an Administrators 'Creditors Trust'. This Trust is expected to terminate on or before the 28 February 2011. Monies received from debtors prior that date are payable in full to the Trust and in accordance with the Trust Deed. The net expected receivable to the economic entity after termination of the Creditors Trust is \$3,552,052 and has been reflected in the Statement of Financial Position.

| | 31 December 2010 \$000s | 30 June 2010 \$000s |
|--|--|------------------------------------|
| 3. ISSUED CAPITAL | | |
| Issued capital 159,711,338 shares (2010: 369,030,844 shares) | 69,206,111 | 54,206,111 |
| Less: Capital Raising Costs | (522,581) | - |
| | 68,683,530 | 54,206,111 |

During the period, there was a 38:1 share split prior to 150,000,000 shares being issued for a consideration of 10c cents per share in accordance with the prospectus dated 17 December 2010 in respect of the acquisition of GreenBox Group Pty Ltd.

Should the capital raising contemplated by the Prospectus dated 17 December 2010 be achieved, the company will have 209,711,338 shares in issue. As at reporting date, the Directors hold the following shares (direct and indirect) in the Company:-

| Director | Number of Shares Held (direct and indirect) | Options |
|--------------------|--|----------------|
| Christopher Mrakas | 67,129,162 | Nil |
| Simon Barnes | 36,856,710 | Nil |
| Peter Carre | 3,027,245 | Nil |
| Richard Arnold | Nil | Nil |
| Ronald Langley | 3,178,607 | Nil |

4. EARNINGS (LOSS) PER SHARE

In calculating basic and diluted earnings (loss) per share, the weighted average number of ordinary shares for the period has been calculated to be 350,829,147 shares (31 December 2009: 369,030,844). The net income (loss) after income tax is \$6,545,805 (31 December 2009: Loss \$3,198,663).

5. SEGMENT REPORTING

The economic entity has recently been released from administration. The segment proposed is in the one business and one geographic area.

**Notes To and Forming Part of the Financial Statements
For the Half Year Ended 31 December 2010****6. CONVERTIBLE NOTES**

Included in the borrowings balance of \$930,115 in the statement of financial position is an amount of \$714,115 which relates to convertible notes issued by GreenBox Group Limited. Interest on these notes accrues at 4% per annum and they mature on 31 December 2012. However, conversion may occur prior to this date. On conversion, the company will redeem each of these Notes for an amount equal to its Face Value.

7. ACQUISITION OF CONTROLLED ENTITY

During the period, the economic entity acquired GreenBox Group IP Pty Ltd (previously named GreenBox Group Pty Ltd) through the issue of 150,000,000 shares as follows:-

| | |
|------------------------------|--------------------|
| | \$ |
| Consideration | 15,000,000 |
| Net Assets Acquired:- | |
| Cash and Cash Equivalents | 189,401 |
| Trade and Other Receivables | 13,232 |
| Inventory | 10,431 |
| Plant and Equipment | 28,409 |
| Intangibles | 543,856 |
| Loans Receivable | 522,581 |
| Trade and Other Payables | (1,395,121) |
| Provisions | (19,183) |
| Borrowings | (930,115) |
| | <u>(1,036,509)</u> |
| Goodwill | <u>16,036,509</u> |
| | <u>15,000,000</u> |

8. SUBSEQUENT EVENTS

Subsequent to balance date, the Company has continued with the Capital Raising as outlined in the Recapitalisation Plan. Allotment of shares is expected to take place on 16 March 2011.

The NSW Government advised the Company immediately following the restructure of the company that the Company's energy license for NSW was cancelled. The Company will re-apply for a new License for NSW, however this cancellation of license will not have any impact on the Company's plans regarding market entry as the Company is initially focusing on other more stable energy markets like Victoria, where the Company does have the required energy licenses.

In accordance with the Jackgreen (International) Pty Limited's Deeds of Company Arrangement, trade receivables are vested in that entity. Recovery of the receivables as at 28 February 2011 reverted in full to Jackgreen (International) Pty Limited.

Directors' Declaration

The Directors of GreenBox Group Limited declare that:–

- (i) the accompanying financial statements and notes are in accordance with the Corporations Act, including complying with Corporations Regulations and Accounting Standard AASB134 and give a true and fair view of the Economic Entity's financial position as at 31 December 2010 and of its performance for the half year ended on that date; and
- (ii) at the date of this declaration there are reasonable grounds to believe that the Economic Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:–

On behalf of the Directors

Christopher Mrakas - Director

Dated:

Melbourne



STANNARDS

Accountants and Advisors

Partners
Marino Angelini, CA
Michael Shulman, CA
Nello Traficante, CPA
Jason Wall, CA

Associates
Nicole Postan, CA

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GreenBox Group Limited

Report of the Half-Year Interim Financial Report

We have reviewed the half-year interim financial report of GreenBox Group Limited (the disclosing entity), which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration on the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Interim Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year interim financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year interim financial report based on our review. We conducted our review in accordance with Auditing Standard 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 interim financial report is not in accordance with the Corporations Act 2011 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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 GreenBox Group Ltd, 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 interim 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 2011. We confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.



Stannards Accountants and Advisors Pty Ltd A.C.N. 006 857 441
Level 1, 60 Toorak Road, South Yarra, Vic 3141
Tel: (03) 9867 4433 Email: advisors@stannards.com.au Fax: (03) 9867 5118



Qualification Paragraphs

All documents necessary for the performance of the review were not made available to us, given the Group has only recently been released from 'administration'. As the accounting records on hand were inadequate to permit the application of all necessary review procedures, we were unable to obtain all the information and explanations we required in order to form conclusions on the veracity of the results from operations and financial position of the consolidated entity.

Included in the company's Statement of Financial Position are various assets, whose recoverable value cannot be determined at reporting date given the limited accounting records referred to in the above paragraph. Given this fact and that the consolidated entity is yet to establish ongoing revenue streams, we cannot confirm whether the carrying value of the assets is in compliance with Australian accounting standards.

Conclusions

Based on our review, which is not an audit, and because of the issues described in the qualification paragraphs, and the effects of such adjustments, if any, as might have been determined to be necessary had those issues not existed, we are unable to confirm that the half-year interim financial report of GreenBox Group Ltd gives a true and fair view of its financial position at 31 December 2010 and its performance for the half year ended on that date. We are unable to provide an opinion as to whether the report complies with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter on Going Concern

Without qualification to the opinion expressed above, we draw attention to the following matter. As set out in the notes, the financial statements have been prepared on a going concern basis. The ability of the consolidated entity to maintain continuity of normal business activities and to pay its debts as and when they fall due is dependent upon the matters referred to in that note including a successful capital raising.

No adjustments have been made to the carrying value of assets or recorded amount of liabilities should the company and consolidated entity's plans not eventuate.

Stannards Accountants and Advisors

Nicole L Postan
Partner

Date:



Stannards Accountants and Advisors Pty Ltd A.C.N. 006 857 441
Level 1, 60 Toorak Road, South Yarra, Vic 3141
Tel: (03) 9867 4433 Email: advisors@stannards.com.au Fax: (03) 9867 5118