

# **VERUS INVESTMENTS LIMITED**

ABN 59 009 575 035

ASX Appendix 4D & Financial report for the half-year ended

31 December 2012

## Verus Investments Limited

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### ASX Appendix 4D & Financial report for the half-year ended 31 December 2012

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# Verus Investments Limited

ABN 59 009 575 035

## Results for announcement to the market

**Current reporting period: half-year ended 31 December 2012  
and previous reporting period: half-year ended 31 December 2011**

<b>Results</b>				A\$
Revenues	Down	100%	to	0
Loss from ordinary activities after tax attributable to members	Down	17%	to	3,363,003
Net Loss for the period attributable to members	Down	17%	to	3,363,003
<b>Dividends (distributions)</b>	Amount per security	Franked amount per security		
<i>Current period</i>				
Interim dividend declared	-	-		
Final dividend paid	-	-		
<i>Previous corresponding period</i>				
Interim dividend declared	-	-		
Special dividend paid	-	-		
Final dividend paid	-	-		
Record date for determining entitlements to the dividend,	N/A			
<p><i>A brief explanation of revenue, net profit and dividends has been detailed in the enclosed Directors' report, Statement of comprehensive income, Statement of financial position, Statement of cash flows and Notes to financial statements.</i></p>				

The directors of Verus Investments Limited (“Company” “Verus”) submit herewith the financial report of the consolidated entity for the half-year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### **Directors**

The names of directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Mr. Sam Russotti  
Mr. Mark Freeman  
Mr. Gregory Lee

### **Result**

The consolidated loss for the half year was \$3,360,003 (2011:\$ 4,054,242).

### **Review of Operations**

**Sidi Dhaher Oil Discovery**  
**10% Working Interest (WI)**  
**Operator: ADX Energy Limited (ASX code: ADX)**

As a result of disappointing test results this interest has been sold.

**Fausse Point (sidetrack)**  
**72% (WI)**  
**Operator: Golden Gate Petroleum Ltd (ASX Code: GGP)**

The decision on the development or disposal of Fausse Point is also in progress. Since the Golden Gate Petroleum (GGP) recommendation to P&A the well, Verus have been reviewing all options available given the requirement for Verus to find suitable farminee partners to take up GGP and others JV partners' interest, reduce Verus' working interest, obtain all drilling and well data and secure a suitable USA operator.

Although an attractive prospect there remains considerable technical risk to drilling and the Directors consider it prudent to only drill when suitable farminees are secured so as to reduce financial exposure to a prudent level.

**Bullseye**  
**10% WI**  
**Operator: Golden Gate Petroleum Ltd (ASX Code: GGP)**  
**Producing Wells – Jumonville #1 (J1) and Jumonville #2 (J2)**

Due to declining production and limited upside potential this interest has been sold.

## Corporate

The Company also announced the resignation of Mr Craig Nelmes as the Company Secretary, replaced by Ms Sylvia Moss with effect 5 July 2012.

The Company also completed a partially underwritten and pro rata non-renounceable right issue on 5 October 2012, raising \$1,016,625.

## Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires our auditors, Deloitte to provide the directors of the company with an independence declaration in relation to the review of the half-year financial report. This independence declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2012.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



**Sam Russotti**  
**Chairman**  
Sydney, 28 February 2012

The Board of Directors  
Verus Investments Limited  
Level 21, Allendale Square  
77 St Georges Terrace,  
PERTH, WA, AUSTRALIA, 6000

28 February 2013

Dear Board Members

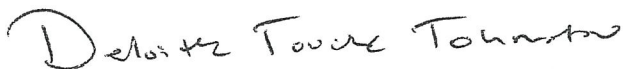
### **Auditor's Independence Declaration to Verus Investments Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Verus Investments Limited.


As lead audit partner for the review of the financial statements of Verus Investments Limited for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



**DELOITTE TOUCHE TOHMATSU**



**D J Hall**  
Partner  
Chartered Accountants

# Independent Auditor's Review Report to the Members of Verus Investments Limited

We have reviewed the accompanying half-year financial report of Verus Investments Limited, which comprises the condensed statement of financial position as at 31 December 2012, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 9 to 18.

## *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

## *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 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 Verus Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# Deloitte.

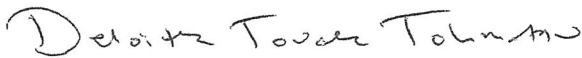
## *Auditor's Independence Declaration*

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 Verus Investments Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

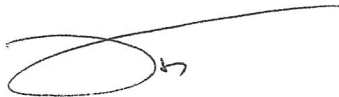
## *Conclusion*

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 Verus Investments Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of 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*.



**DELOITTE TOUCHE TOHMATSU**



**D J Hall**

Partner

Chartered Accountants

Perth, 28 February 2013



Verus Investments Limited

Condensed consolidated statement of profit or loss and other comprehensive income  
for the half-year ended 31 December 2012

	Notes	Half-year	
		31 December 2012 \$	31 December 2011 \$
Revenue from oil and gas sales		-	155,304
Cost of sales		-	(201,157)
Gross profit		-	(45,853)
Profit on sale of Assets	2	390,488	-
Interest income		4,018	7,689
Other income		-	3,298
Corporate & administration expenses		(409,161)	(379,283)
Foreign exchange loss		(9,277)	(1,967)
Restoration Provision		14,259	(140,828)
Impairment – exploration and evaluation assets	2	(3,353,193)	(3,497,161)
Depreciation		(137)	(137)
<b>Loss before income tax</b>	2	(3,363,003)	(4,054,242)
Income tax expense		-	-
<b>Loss for the period</b>		(3,363,003)	(4,054,242)
<b>Other comprehensive (loss)/ income</b>			
Exchange differences arising on translation of foreign operations		(40,154)	155,245
<b>Total Comprehensive loss for the half-year</b>		(3,403,157)	(3,898,887)
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share from continuing operations attributable to the ordinary equity holders of the company:</b>			
Basic loss per share		-0.16	0.25
Diluted loss per share		-0.16	0.25

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes*

Condensed consolidated statement of financial position  
as at 31 December 2012

	<b>31 December 2012</b>	<b>30 June 2012</b>
<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,205,477	525,505
Trade & other receivables	239,611	64,220
Total current assets	1,448,088	589,725
<b>Non-current assets</b>		
Prepayments	87,665	127,571
Exploration & Evaluation Assets	3 -	3,331,131
Oil & Gas Properties	4 -	15,909
Plant & Equipment	378	515
Total non-current assets	88,043	3,475,126
<b>Total assets</b>	<b>1,533,131</b>	<b>4,064,851</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	185,249	253,881
Restoration Provision	100,260	116,904
Provision Bullseye	19,200	-
Total current liabilities	304,709	370,785
<b>Total liabilities</b>	<b>304,709</b>	<b>370,785</b>
<b>NET ASSETS</b>	<b>1,228,422</b>	<b>3,694,066</b>
<b>EQUITY</b>		
Contributed equity	26,027,896	25,090,385
Reserves	1,461,861	1,502,015
Accumulated losses	(26,261,335)	(22,898,334)
<b>Total equity</b>	<b>1,228,422</b>	<b>3,694,066</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

Condensed consolidated statement of changes in equity  
for the half-year ended 31 December 2012

	Notes	Reserves							Total
		Issued Capital	Foreign Currency Translation	Equity Settled	Other Equity Settled Reserve	Option Premium	Accumulated Loss		
		\$	\$	\$	\$	\$	\$	\$	
<b>Balance at 1 July 2011</b>		23,347,487	(666,779)	-	1,479,184	497,648	(16,654,402)	8,003,138	
Loss attributable to members of the parent entity		-	-	-	-	-	(4,054,242)	(4,054,242)	
Exchange differences arising on translation of foreign operations		-	155,245	-	-	-	-	155,245	
<b>Total Comprehensive Income</b>		-	155,245	-	-	-	(4,054,242)	3,898,997	
Shares issued		861,000	-	-	-	-	-	861,000	
Share issue costs		(45,096)	-	-	-	-	-	(45,096)	
<b>Balance at 31 December 2011</b>		24,163,391	(511,534)	-	1,479,184	497,648	(20,708,644)	4,920,045	
		23,347,487	(666,779)	-	1,479,184	497,648	(16,654,402)	8,003,138	
<b>Balance at 1 July 2012</b>		25,090,385	(474,817)	-	1,198,998	777,834	(22,898,334)	3,694,066	
Loss attributable to members of the parent entity		-	-	-	-	-	(3,363,003)	(3,363,003)	
Exchange differences arising on translation of foreign operations		-	(40,154)	-	-	-	-	(40,154)	
<b>Total Comprehensive Income</b>		-	(40,154)	-	-	-	(3,360,029)	(3,400,183)	
Shares issued		1,016,625	-	-	-	-	-	1,016,625	
Share issue costs		(79,114)	-	-	-	-	-	(79,114)	
<b>Balance at 31 December 2012</b>		26,027,896	(514,971)	-	1,198,998	777,834	(26,261,335)	1,228,422	

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	<b>Half-year</b>	
	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from Customers	-	43,050
Interest received	4,019	6,509
Payments to suppliers and employees	(441,520)	(341,180)
<i>Net cash used in operating activities</i>	(437,501)	(291,620)
<b>Cash flows from investing activities</b>		
Payments for production	(64,825)	-
Bonds	7,380	-
Payments for exploration and evaluation expenditure	(185,511)	(1,583,529)
Proceeds on sale of assets	416,435	-
<i>Net cash funded by investing activities</i>	173,479	(1,583,529)
<b>Cash flows from financing activities</b>		
Proceeds from issues of equity securities	1,016,625	861,000
Proceeds from issues of option securities	-	-
Payments for share issue costs	(59,114)	(36,637)
<i>Net cash provided by financing activities</i>	957,511	824,363
<b>Net Increase/ (Decrease) in cash and cash equivalents</b>	693,489	(1,050,787)
<b>Cash and cash equivalents at the beginning of the half-year</b>	525,505	1,740,019
Effects of exchange rate changes on the balance of cash held in foreign currencies	(13,516)	(30,976)
<b>Cash and cash equivalents at the end of the half-year</b>	1,205,477	658,256

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

## 1. Significant accounting policies

### *Statement of compliance*

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent financial report.

### *Basis of preparation*

The condensed consolidated financial statements have been prepared on the basis of historical cost except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those disclosed in the Company's 2012 annual financial report for the financial year ended 30 June 2012, except for the necessity to enhance the accounting policy with respect to the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### *New or Revised Standards and Interpretations*

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period, being the half year ended 31 December 2012.

The following new and revised Standards and Interpretations have been adopted in the current financial reporting period that are relevant to the Consolidated Entity are:

AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'

The adoption of AASB 2011-9 has not resulted in any changes to the Consolidated Entity's accounting policies and has no effect on the amounts reported for the current or prior half-years. However, application of AASB 2011-9 has resulted in changes to the Consolidated Entity's presentation of, or disclosure in, its half year financial statements.

### *1.2 Standards and Interpretations in issue not yet adopted*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Consolidated Entity for the half year ending 31 December 2012. Management are in the process of assessing the impact of the adoption of these standards and interpretations on the Consolidated Entity.

***Going concern***

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

The consolidated entity has incurred a loss for the half year after tax of \$3,363,003 and experienced operating cash outflows of \$437,501. As at 31 December 2012 the consolidated entity has total current assets of \$1,445,088 which includes \$1,445,088 in cash and cash equivalents.

The directors believe that it is appropriate to prepare the financial statements on a going concern basis for the following reasons:

- (i) The Company has in place processes aimed at minimising all discretionary expenditures during the year;
- (ii) The Company believes that it has the capacity to raise new equity to invest in the ongoing development of its oil and gas interests based upon the indicative drilling results achieved to date on each of the projects; and
- (iii) The Company is not committed to future drilling and well completion costs, beyond the commitments disclosed in note 7 to these accounts, as such that the Company will only expend future amounts if they have sufficient cash to meet the cost.

The ability of the consolidated entity to continue as a going concern is dependent on the ability to source additional funds from debt and/or equity markets to meet working capital requirements and future drilling and (if applicable) well completion costs for each of the projects in which it holds a working interest.

The Directors have reviewed the consolidated entity's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis is appropriate in the circumstances.

## 2. Loss before income tax expense

	<b>Half-year</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
<b>Sale of Assets</b>		
<b>Bullseye</b>		
Sale	127,798	-
Less : Expenses	15,563	-
Net Income	112,235	-
<b>Chorbane</b>		
Sale	498,413	-
Less : Expenses	220,160	-
Net Income	278,253	-
<b>Total Sale of Assets</b>	<b>390,488</b>	<b>-</b>
<b>Impairment – oil and gas asset</b>	3,558,143	3,497,161

## 3. Exploration and Evaluation Assets

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2012</b>	<b>2012</b>
	\$	\$
	-	3,331,131
Exploration and evaluation – at cost		
<i>Movement for the half year</i>	3,331,131	5,497,530
Opening balance	299,441	3,276,312
Additions	(3,558,143)	(5,475,261)
Impairment of capitalized expenditure	(72,429)	(146,186)
Translation movement differences	-	178,736
Transfer to asset available for sale	-	3,331,131
Carrying amount at the end of half-year	-	3,331,131

(i) The Company undertook impairment expenses of :

- Fausse Point (A\$3,171million)
- Charbone (A\$224,120)
- Bullseye (A\$159,431)

(ii) In August 2012 the company divested its interest in Bullseye

### 3. Exploration and Evaluation Assets (continued)

(iii) In November 2012 the company divested its interest in Chorbane

The project was sold for \$498,412, of which \$189,872 is deferred pending approval of the SDE by the Tunisian government. This amount is included within Trade and other receivables in current assets.

### 4. Oil and Gas Properties

	Consolidated	
	31 December 2012 \$	30 June 2012 \$
Oil and Gas Properties -	-	15,909
<i>Movement for the half-year</i>		
Carrying amount at beginning of half-year	15,909	107,743
Transfer to Prepayments	-	(31,018)
Sales	(15,563)	
Amortisation	-	(63,407)
Translation movement differences	(346)	2,591
Carrying amount at end of half-year	-	15,909

### 5. Issued Capital

	Consolidated			
	31 December 2012 No.	30 June 2012 No.	31 December 2011 No.	30 June 2011 No.
<i>(a) Ordinary shares</i>				
Issued and fully paid	2,901,783,466	1,885,158,563	1,639,408,563	1,885,158,563
<i>(b) Issue of ordinary shares during the half year</i>				
Balance at the beginning of the year	1,885,158,563		1,495,908,563	
Placement share issues	1,016,624,903		143,500,000	
	<u>2,901,783,466</u>		<u>1,639,408,563</u>	



## 6. Segment information

### (a) Description of segments

Following adoption of AASB 8, the identification of the Group's reportable segments has not changed. During the half year the Company considers that it has only operated in two geographical segments, being an investment in on-shore oil & gas exploration within the USA and Africa.

### (b) Segment information provided to the Board

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	Revenue		Segment Profit(Loss)	
	Half-year ended		Half-year ended	
	31 December 2012 \$	31 December 2011 \$	31 December 2012 \$	31 December 2011 \$
<b>Continuing operations</b>				
Oil and Gas Activities – USA	-	155,304	(3,319,764)	(3,707,602)
Oil and Gas Activities – Africa	-	-	(224,120)	-
	-	155,304	(3,543,884)	(3,707,602)
Interest income			4,018	7,689
Sale of Assets			591,479	
Other income			-	3,298
Corporate and administration costs			(414,616)	(357,627)
Loss before tax			(3,363,003)	(4,054,242)

### Group Assets by reportable operating segment

	31 December 2012 \$	30 June 2012 \$
Oil and Gas Activities - USA	118,149	3,544,557
Oil and Gas Activities - Africa	-	-
Total segment assets	-	3,544,557
Unallocated assets	1,414,982	520,294
Total assets	1,533,131	4,064,851

## **7. Contingencies and commitments**

At the date of this report, the Directors were not aware of any contingent liabilities or other capital commitments that are of a material nature.

## **8. Subsequent events**

No other matter or circumstance has arisen since the end of the half-year reporting period which has not been dealt with in the financial statements that has significantly affected or may significantly effect:

- (i) the investments of the Group
- (ii) the results of those investments; or
- (iii) the state of affairs of the Group.

Director's declaration

The directors declare that:

- a) in the directors' 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; and
- b) In the directors' opinion, the attached financial statements and the notes thereto are in accordance with the *Corporations Act 2001*, including compliance with the accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors:



**Sam Russotti**  
**Chairman**

Sydney, 28 February 2013

<i>Net tangible assets per security</i>	Current period	Previous corresponding Period
Net tangible assets per security	0.05 cents	0.01 cents

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

Name of entity	Date of gain or loss of control	Contribution to reporting entity's loss

**Details of associates and joint venture entities**

Name of entity	Percentage of ownership interest held at end of period		Aggregate share of net profit (loss) contributed to the reporting entity	
	Current period	Previous corresponding period	Current period \$A	Previous corresponding period \$A
<b>Total</b>			-	-