

KAIRIKI ENERGY LIMITED

ABN 34 002 527 906

Half-Year Report

31 December 2017

Kairiki Energy Limited

ABN 34 002 527 906

Corporate Directory

Directors

Campbell Welch
Scott Brown
Robert Downey

Company Secretary

Wayne Kernaghan

Registered Office

Level 3
32 Walker Street
North Sydney NSW 2060

Telephone: (02) 9955 4008
Facsimile: (02) 9954 6408
Website: www.kairikienergy.com

Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000

Investor enquiries:

Telephone: 1300 557 010
(08) 9323 2000
Facsimile: (08) 9323 2033

Auditor

Rothsay Chartered Accountants
Level 1, Lincoln House
4 Ventnor Avenue
West Perth WA 6005

Stock Exchange Listing

ASX Limited (Home Branch: Sydney)
ASX Code: KIK

Kairiki Energy Limited

Directors' Report

The Directors of Kairiki Energy Limited ("Kairiki" or "the Company") submit herewith the financial report of the consolidated entity ("the Group") for the half-year ended 31 December 2017.

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

Campbell Welch	Non-Executive Chairman
Scott Brown	Non-Executive Director
Robert Downey	Non-Executive Director

Review and Results of Operations

The principal activity of the Company during the period was evaluating new project opportunities.

The net loss for the half-year ended 31 December 2017 from continuing operations was \$88,223 (2016: \$55,775). The net loss included general and administration costs of \$88,223 (2016: \$56,360).

New Ventures

On 15 May 2017, the Company advised it had entered into a conditional agreement to acquire Biofiba Limited in an all scrip transaction.

On 16 August 2017, the Company advised that it would not be proceeding with the transaction to acquire Biofiba Limited. By mutual agreement various conditions precedents in the Term Sheet had not been satisfied and as a result the Term Sheet will likely expire without the conditions being met.

The Company continues to review other transactions.

Changes in State of Affairs

During the half-year ended 31 December 2017 there was no significant change in the entity's state of affairs other than those referred to in this Directors' report, the half-year financial statements or notes thereto.

Kairiki Energy Limited

Directors' Report


Events Subsequent to Reporting Date

No other matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Auditor's Independence Declaration

An independence declaration from our auditors is attached to the Auditor's Independent Review Report and forms part of this Directors' Report.

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



Campbell Welch
Chairman

14 March 2018

Kairiki Energy Limited

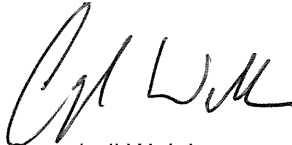
Directors' Declaration

In accordance with a resolution of the Directors of Kairiki Energy Limited, I state that:

In the opinion of the Directors:

- 1) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (a) complying with the Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001;
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year then ended; and
- 2) Subject to the achievement of the matter set out in Note 1 of the financial report, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts when they become due and payable.

On behalf of the Board



Campbell Welch
Chairman

14 March 2018

Kairiki Energy Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2017

	Note	Consolidated Half-Year ended 31 Dec 2017 \$	Consolidated Half-Year ended 31 Dec 2016 \$
Continuing operations			
Revenue and other income			
Interest revenue		1,502	586
Expenses			
Loss on disposal of investment		-	(5,716)
Other costs		(89,725)	(50,645)
Loss before income tax expense		(88,223)	(55,775)
Income tax expense		-	-
Loss after tax for the period from continuing operations		(88,223)	(55,775)
Other comprehensive income / (loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on available for sale financial assets		-	(8,823)
Total other comprehensive income / (loss)		-	(8,823)
Total comprehensive income / (loss) for the period attributable to members of Kairiki Energy Limited		(88,223)	(64,598)
		Cents	Cents
Profit / (loss) per share attributable to ordinary equity holders of the parent			
From continuing operations		(0.03)	(0.02)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Kairiki Energy Limited

Consolidated Statement of Financial Position

As at 31 December 2017

	Note	Consolidated 31 Dec 2017 \$	30 June 2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents		183,700	263,804
Trade and other receivables		2,173	11,500
Total Current Assets		185,873	275,304
Total Assets		185,873	275,304
LIABILITIES			
Current Liabilities			
Trade and other payables		213,218	214,426
Total Current Liabilities		213,218	214,426
Total Liabilities		213,218	214,426
Net (Deficit) / Assets		(27,345)	60,878
EQUITY			
Issued capital		86,101,448	86,101,448
Reserves		(6,885,355)	(6,885,355)
Accumulated losses		(79,243,438)	(79,155,215)
Total Equity		(27,345)	60,878

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

Kairiki Energy Limited

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2017

Consolidated	Issued Capital \$	Available for Sale Reserve \$	Translation Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2016	85,783,048	8,823	(6,885,355)	(79,008,827)	(102,311)
Loss for the period	-	-	-	(55,775)	(55,775)
Other comprehensive income	-	(8,823)	-	-	(8,823)
Total comprehensive loss for the half-year	-	(8,823)	-	(55,775)	(64,598)
Balance at 31 December 2016	85,783,048	-	(6,885,355)	(79,064,602)	(166,909)
Balance at 1 July 2017	86,101,448	-	(6,885,355)	(79,155,215)	60,878
Loss for the period	-	-	-	(88,223)	(88,223)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	-	(88,223)	(88,223)
Balance at 31 December 2017	86,101,448	-	(6,885,355)	(79,243,438)	(27,345)

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

Kairiki Energy Limited

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2017

	Note	Consolidated Half-Year ended 31 Dec 2017 \$	Consolidated Half-Year ended 31 Dec 2016 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(81,606)	(85,922)
Interest received		1,502	586
Net cash used in operating activities		(80,104)	(85,336)
Cash Flows from Investing Activities			
Proceeds from sale of financial assets		-	6,976
Net cash provided by investing activities		-	6,976
Cash Flows from Financing Activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash used in / provided by financing activities		-	-
Net change in cash and cash equivalents		(80,104)	(78,360)
Cash and cash equivalents at beginning of half-year		263,804	107,805
Effect of exchange rate changes		-	-
Cash and cash equivalents at end of half-year		183,700	29,445

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

Kairiki Energy Limited

Notes to the Financial Statements

For the Half-Year Ended 31 December 2017

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as the annual financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Kairiki Energy Limited as at 30 June 2017. It is also recommended that the half-year financial report be considered together with any public announcements made by Kairiki Energy Limited during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

The half-year financial report has been prepared in accordance with the historical cost basis.

The half-year consolidated financial statements comprise the financial statements of Kairiki Energy Limited and its subsidiaries ("the Group") as at 31 December 2017.

Going Concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's assets and the discharge of its liabilities in the normal course of business.

As at 31 December 2017, the Company had cash and cash equivalents of \$183,700, a loss for the half year from continuing operations of \$88,223 and a net cash outflow from operating and investing activities of \$80,104. The Company has a working capital deficiency of \$27,345.

The ability of the Group to continue as a going concern is principally dependent upon raising additional capital to fund the Group's ongoing working capital requirements, as and when required.

The Directors believe it is appropriate to prepare the financial statements on a going concern basis.

Although the Directors believe they will be successful in raising additional capital to fund working capital requirements, if they are not, there is a material uncertainty that the Group may be unable to continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Kairiki Energy Limited

Notes to the Financial Statements

For the Half-Year Ended 31 December 2017

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the year ended 30 June 2017, except as stated below.

New Accounting Standards and Interpretations

Since 1 July 2017 the Group has adopted all Australian Accounting Standards and Interpretations mandatory for reporting periods beginning on or after 1 July 2017. These standards did not have a material effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or amendments.

2. RELATED PARTY INFORMATION

Transactions with Director-related Entities

An entity related to director Robert Downey provided consulting services totalling \$Nil during the half-year ended 31 December 2017 (half-year ended 31 December 2016: \$Nil). Amounts remained in trade creditors as at 31 December 2017 for services provided in previous years.

An entity related to director Scott Brown provided consulting services totalling \$10,000 during the half-year ended 31 December 2017 (half-year ended 31 December 2016: \$nil).

3. SEGMENT REPORTING

The Group's only continuing operation is reviewing new project opportunities. Its assets and liabilities relate only to Australia. Accordingly, it has only one segment at this time.

4. EVENTS SUBSEQUENT TO REPORTING DATE

No other matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.



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Phone 9486 7094 www.rothsayresources.com.au

Independent Review Report to the Members of Kairiki Energy Ltd

The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Kairiki Energy Ltd for the half-year ended 31 December 2017.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2017 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Kairiki Energy Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an 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 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Kairiki Energy Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2017 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Chartered Accountants

Liability Limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).



Emphasis of Matter regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which indicates the basis for preparing the accounts on a going concern basis.

As stated in Note 1 in the event the consolidated entity is unable to raise additional funds there is a material uncertainty as to whether the consolidated entity could continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and for the amounts stated in the financial report.

Rothsay

Rothsay Auditing

Graham Swan

**Graham Swan FCA
Partner**

Dated ^{HL}14 March 2018



Chartered Accountants



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
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The Directors
Kairiki Energy Ltd
Level 3, 32 Walker St
North Sydney NSW 2000

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2017 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated 14th March 2018



Chartered Accountants