

Appendix 4D

Half year report

Name of entity

Delecta Limited

ABN or equivalent company reference

92 009 147 924

Half-year ended ('current period')

31 December 2016

Results for announcement to the market

\$'000

Revenues from continuing operations	Up	9.5%	to	10,162
Profit from continuing operations after tax attributable to members	Up	-	to	1,703
Net profit after tax for the period attributable to members	Up	-	to	1,703
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend	None		- ¢	
Interim dividend	None		- ¢	
Previous corresponding period	None		- ¢	
Record date for determining entitlements to the dividend	N/A			

A brief explanation of the figures reported above necessary to enable the figures to be understood is contained under the heading "Review and Results of Operations" in the Directors' Report included in the attached Half Year Financial Report.

The above results should be read in conjunction with the notes and commentary contained in the attached Half Year Financial Report and the most recent Annual Financial Report.

	31 December 2016	31 December 2015
Net tangible assets per security	1.7 cents	1.5 cents

Delecta Limited
ABN 92 009 147 924

HALF-YEAR FINANCIAL REPORT

For the half-year ended 31 December 2016

Directors' Report

Your directors submit their report for the half-year ended 31 December 2016.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Bradley Moore	(Chairman)
Malcolm Day	(Managing Director)
Hans-Rudolf Moser	

Review and Results of Operations

Group revenues from continuing operations for the half-year increased by 9.5% to \$10,162,000, with the Group recording a net profit of \$1,703,000 from operations after accounting for a \$913,000 profit on the de-recognition of its former associate, European Lithium Limited (formally Paynes Find Gold Limited).

Wholesale

A \$482,000 increase in sales to Australian customers and a \$395,000 increase in sales to New Zealand customers saw the wholesale division record a 9.5% increase in total wholesale revenues over the prior corresponding half year period.

This increase in revenues along with the continuing focus on costs has resulted in the division recording a net profit of \$1,237,000 for the period, up from a net profit of \$402,000 in the prior corresponding half year period.

Oil & Gas Operation

The Wilcox Sandstone formation of the Wise 1-25 Well had still not been perforated and as such full commercial production had still not commenced at the period end. Net oil and gas revenue decreased to \$62,000 for the period and has been set off against the cost of the investment. Perforation of the target reservoir, the ultimate Wilcox formation, is now planned for early March 2017 as a result of the extraction of the hydrocarbons from the preliminary Viola formation.

Head Office / Corporate

Head office / corporate expenditure remained constant at \$405,000 for the period.

Auditor Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of Delecta Limited with an independence declaration in relation to the review of the half-year financial report. This independence declaration is attached at page 3 of this report.

Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Malcolm Day', written in a cursive style.

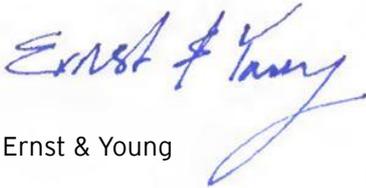
Malcolm Day
Managing Director
Perth, 28 February 2017

Auditor's Independence Declaration to the Directors of Delecta Limited

As lead auditor for the review of Delecta Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Delecta Limited and the entities it controlled during the financial period.



Ernst & Young



D A Hall
Partner
Perth
28 February 2017

**Condensed Statement of Comprehensive Income
For the Half-Year ended 31 December 2016**

	Notes	Consolidated	
		31 December 2016 \$'000	31 December 2015 \$'000
Continuing Operations			
Revenue	3	10,162	9,284
Cost of sales		(7,161)	(7,097)
Gross Profit		3,001	2,187
Other income	3	1,098	346
Other expenses	3	(2,396)	(2,422)
Profit from continuing operations before tax, finance costs and share of associate income		1,703	111
Finance costs	3	-	-
Share of loss of associate	4	-	(65)
Profit from continuing operations before income tax		1,703	46
Income tax expense		-	-
Net profit for the period		1,703	46
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
- Foreign currency translation		117	171
- Available for sale gains and (losses)		(253)	-
Other comprehensive (losses) / income		(136)	171
Total comprehensive profit for the period		1,567	217
Earnings per share			
From operations			
Basic earnings per share		0.27 cents	0.01 cents
Diluted earnings per share		0.27 cents	0.01 cents

**Statement of Financial Position
As at 31 December 2016**

	Notes	Consolidated	
		31 December 2016 \$'000	30 June 2016 \$'000
Current assets			
Cash and cash equivalents		574	701
Trade and other receivables		3,114	2,022
Inventories		4,042	3,020
Available for sale assets	4	660	-
Prepayments and deposits		476	801
Total current assets		8,866	6,544
Non-current assets			
Property, plant and equipment		249	276
Exploration and evaluation	5	3,790	3,729
Total non-current assets		4,039	4,005
Total assets		12,905	10,549
Current liabilities			
Trade and other payables		1,706	887
Provisions		108	128
Total current liabilities		1,814	1,015
Non-current liabilities			
Provisions		142	152
Total non-current liabilities		142	152
Total liabilities		1,956	1,167
Net assets		10,949	9,382
Equity			
Issued capital	8	69,493	69,493
Reserves	9	652	788
Accumulated losses		(59,196)	(60,899)
Total equity		10,949	9,382

Cash Flow Statement
For the Half-Year ended 31 December 2016

	Consolidated	
	31 December 2016 \$'000	31 December 2015 \$'000
Cash flows from operating activities		
Receipts from customers	10,396	10,046
Payments to suppliers and employees	(10,556)	(10,134)
Interest received	2	1
Net cash flows used in operating activities	(159)	(87)
Cash flows from investing activities		
Payment for purchases of property, plant and equipment	(14)	(177)
Proceeds on sale of fixed assets	-	33
Exploration and evaluation	62	226
Increase in security deposits	(18)	13
Net cash flows from investing activities	30	95
Net (decrease) / increase in cash held	(129)	8
Cash and cash equivalents at beginning of period	701	515
Exchange rate adjustment	2	12
Cash and cash equivalents at end of period	574	535

Condensed Statement of Changes in Equity
Half-Year ended 31 December 2016

Consolidated	Issued Capital	Accumulated losses	Other reserves	Total equity
	\$'000	\$'000	\$'000	\$'000
At 1 July 2015	69,493	(60,727)	720	9,486
Profit for the period	-	46	-	46
Other comprehensive income	-	-	171	171
Total comprehensive income for the half -year	-	46	171	217
At 31 December 2015	69,493	(60,681)	891	9,703
At 1 July 2016	69,493	(60,899)	788	9,382
Profit for the period	-	1,703	-	1,703
Other comprehensive income	-	-	(136)	(136)
Total comprehensive income for the half -year	-	1,703	(136)	1,567
At 31 December 2016	69,493	(59,196)	652	10,949

Notes to the Half- Year Financial Statements

31 December 2016

1 CORPORATE INFORMATION

The financial report of Delecta Limited for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 28 February 2017. Delecta Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange and German Stock Exchange.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose condensed financial report for the half-year ended 31 December 2016 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2016 and considered together with any public announcements made by Delecta Limited during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

Except as disclosed below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Except as noted elsewhere in this financial report, the carrying amount of financial assets and financial liabilities are considered to materially approximate their fair values.

(b) New Accounting Standards and Interpretations

Since 1 July 2016, the Group has adopted all the Standards and Interpretations mandatory for annual reporting periods beginning on or after 1 July 2016. Adoption of these Standards and Interpretations were considered and incorporated into the Group's policies but they 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 interpretations that are not mandatorily effective.

Notes to the Half- Year Financial Statements (continued)
31 December 2016

3 REVENUE AND EXPENSES FROM CONTINUING OPERATIONS

	Consolidated	
	for the half-year ended 31 December 2016 \$'000	for the half-year ended 31 December 2015 \$'000
Revenue		
Sales and services revenue	10,160	9,283
Finance income	2	1
	10,162	9,284
Other Income		
Foreign exchange gain	-	114
Profit on de-recognition of associate	913	-
Sundry income	185	232
	1,098	346
Cost of Sales and Other expenses are stated after charging the following items:		
Inventory write-downs	58	33
Depreciation of fixed assets	33	85
Amortisation of leasehold improvements	9	10
Foreign exchange loss	44	-
Finance Costs		
Other	-	-
	-	-

Notes to the Half- Year Financial Statements (continued)

31 December 2016

4 AVAILABLE FOR SALE ASSETS

	As at 31 December 2015 \$'000	As at 30 June 2016 \$'000
Listed		
European Lithium Limited	660	-
	660	-

Following a capital raising, the Group's investment in European Lithium Limited (formally Paynes Find Gold Limited) was diluted to 3% on 9 September 2016 from 15.1% at 30 June 2016. This resulted in the loss of significant influence and the re-classification of the investment as an associate accounted for using the equity method (investment value was carried at nil at the date of losing significant influence (30 June 2016: nil)) to an available for sale financial asset, recognised at fair value on the date of reclassification (\$913,000) and subsequently re-value to market value at 31 December 2016 with the movement being recorded in other comprehensive income.

At 31 December 2016 the investment has been valued with reference to its market price at balance date (AUD\$0.006) by the 11 million shares owned. This is a level 1 measurement basis on the fair value hierarchy.

5 EXPLORATION AND EVALUATION

	As at 31 December 2016 \$'000	As at 30 June 2016 \$'000
Exploration and evaluation		
Cost at beginning of period	3,730	3,836
Foreign exchange gain on conversion	122	140
Well testing revenue receipts for period	(62)	(246)
	3,790	3,730

On 25 September 2014, the Group acquired an 80% working interest and a 58% net revenue interest in an oil and gas field development project, the Wise 1-25 Well, situated within the Canadian River Project area, in Okfuskee County, Oklahoma. The Group accounts for this interest as a joint arrangement. At 31 December 2016, there were no commitments relating to this joint operation

As at 31 December 2016 the well has not commenced full production and as such is still in the testing phase with net revenues being applied to the cost of the project, in line with the Group's accounting policies, until such time as the project is operating at the commercial quantities the business intends. Perforation of the Wilcox is now planned for early March 2017.

Notes to the Half- Year Financial Statements (continued)

31 December 2016

6 OPERATING SEGMENTS

Identification of Reportable Segments

The Group has identified its operating segments based on its internal reports and used by the executive team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which the product is sold, whether retail or wholesale, and the nature of the services provided. Discrete financial information about each of these operating businesses is reported to the executive management team on a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the manner in which the products or services are sold or provided as these are the sources of the Group's major risks and have the most effect on the rates of return.

Types of Products and Services

Wholesale

The wholesale segment divisions are those divisions that sell adult products directly to wholesale customers in Australia and New Zealand.

Oil and Gas Operations

On 25 September 2014, the Group entered the Oil & Gas industry through the acquisition of an interest in an oil and gas field development project in the United States of America.

Accounting Policies and Inter-segment Transactions

The accounting policies used by the Group in reporting segments are the same as those contained in note 2 to the financial statements and in prior periods except as detailed below:

Corporate Charges

Non-segmental expenses, such as head office expenses and expenses that are not directly attributable to a segment and not considered part of the core operations of any segment, are not allocated to operating segments by way of corporate charges and include:

- Head office employee expenses and directors fees
- Head office employee travel and accommodation expenses
- Company secretarial and listing expenses
- Group legal fees

Notes to the Half- Year Financial Statements (continued)
31 December 2015

6 OPERATING SEGMENTS (CONTINUED)

	Wholesale	Continuing Operations Oil and Gas	Total
31 December 2016	\$'000	\$'000	\$'000
Assets and Liabilities			
Segment Assets	7,726	3,859	11,585
Unallocated assets			
- Available for sale assets			660
- Cash and cash equivalents			574
- Other			86
Total assets			12,905
Segment liabilities	1,927	-	1,927
Unallocated liabilities			29
Total liabilities			1,956

	Wholesale	Continuing Operations Oil and Gas	Total
30 June 2016	\$'000	\$'000	\$'000
Assets and Liabilities			
Segment Assets	5,966	3,797	9,763
Unallocated assets			
- Cash and cash equivalents			701
- Other			85
Total assets			10,549
Segment liabilities	1,149	-	1,149
Unallocated liabilities			18
Total liabilities			1,167

Notes to the Half- Year Financial Statements (continued)

31 December 2016

6 OPERATING SEGMENTS (CONTINUED)

Geographical areas

The Group's geographical areas are determined based on the location of the Group's assets.

The following tables present revenue, expenditure and certain asset information regarding geographical areas for the respective periods:

	Australia \$'000	New Zealand \$'000	Total Operations United States of America \$'000	Total \$'000
31 December 2016				
Revenue				
Sales to external customers	9,106	1,054	60	10,220
Less well testing receipts allocated to cost of investment	-	-	(60)	(60)
Finance income	2	-	-	2
Total segment revenue	9,108	1,054	-	10,162
31 December 2015				
Revenue				
Sales to external customers	8,624	659	107	9,390
Less well testing receipts allocated to cost of investment	-	-	(107)	(107)
Finance income	1	-	-	1
Total segment revenue	8,625	659	-	9,284
31 December 2016				
Other segment information				
Segment non-current assets	249	-	3,790	4,039
30 June 2016				
Other segment information				
Segment non-current assets	276	-	3,729	4,005

Notes to the Half- Year Financial Statements (continued)
31 December 2016

7 DIVIDENDS PAID AND PROPOSED

No dividends have been paid or proposed during the half-year (31 December 2015: Nil).

8 ISSUED CAPITAL

<i>Ordinary shares</i>	At 31 December 2016 \$'000	At 30 June 2016 \$'000
Issued and fully paid	69,493	69,493

	Number of shares	\$'000
Movements in ordinary shares on issue		
At 1 July 2016	633,496,205	69,493
Issued during the half-year	-	-
At 31 December 2016	633,496,205	69,493

9 RESERVES

	At 31 December 2016 \$'000	At 30 June 2016 \$'000
Option premium reserve	115	115
Foreign currency translation	580	463
Share based payments	210	210
Available for sale gains and losses	(253)	-
	652	788

10 CONTINGENT ASSETS AND LIABILITIES

There has been no material change in any contingent liabilities or contingent assets since the last annual reporting date.

11 SUBSEQUENT EVENTS

No matter or circumstance has arisen since the end of the half-year that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in subsequent financial years.

Directors' Declaration

In accordance with a resolution of the directors of Delecta Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Malcolm Day
Managing Director

Perth, 28 February 2017

Report on the half-year financial report to the members of Delecta Limited

We have reviewed the accompanying half-year financial report of Delecta Limited, which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, condensed statement of changes in equity and 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 of the consolidated entity comprising the company 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 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 controls as the directors determine are 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 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 2016 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 Delecta Limited and the entities it controlled during the half-year, 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.

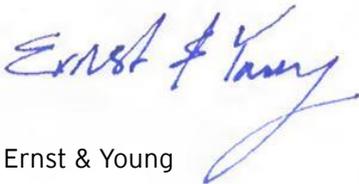
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' 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 Delecta 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 2016 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*.



Ernst & Young



D A Hall
Partner
Perth
28 February 2017