Half Year Report
31 December 2018

ReNu Energy Limited, Level 1, 9 Gardner Close, Milton, QLD 4064
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ABN: 55 095 006 090

APPENDIX 4D

HALF YEAR REPORT

Name of entity

RENU ENERGY LIMITED

ABN	Half year ended
55 095 006 090	31 December 2018

Previous corresponding period: 31 December 2017

Results for announcement to the market

Results	HY Dec 2019 $'000	HY Dec 2018 $'000	Change $'000	Change %
Revenues from ordinary activities[1]	795	334	461	138%
Loss from ordinary activities after tax attributable to members	(1,374)	(2,928)	1,554	53%
Net loss for the period attributable to members	(1,374)	(2,928)	1,554	53%

(1) Includes revenues from discontinued operations, but excludes ReNu Energy's share of revenues of associated companies

Net Tangible Asset Backing	As at 31 December 2018	As at 31 December 2017
Net tangible asset backing per ordinary security	$0.076	$0.12*

* The number of shares used in the calculation of net tangible asset backing per share have been adjusted to reflect the 1:10 share consolidation undertaken in December 2018

Brief explanation of any of the figures reported above:

The commencement of operations at ReNu Energy's newly-completed / acquired bioenergy and solar projects in 2018 has resulted in an increase in income from the corresponding period in the previous year.

The loss for the period was significantly lower than in the corresponding period in the previous year due to:

- Earnings from new bioenergy and solar assets which were commissioned / acquired in 2018;
- One-off gains of $347,000 from the sale of a 70% interest in the Group's bioenergy business;
- Reduced business development costs; and
- Realisation of the benefits of corporate cost reductions.

Please refer to the attached Director's Report for a full commentary on the results and activities for the period and refer to the attached Half Year Financial Report for the detailed financial statements.

APPENDIX 4D (Continued)

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

The Company disposed of a 70% interest in the following entities which owned one of the Group's bioenergy assets, effective 17 July 2018:

- RE Holding Company One Pty Ltd (as trustee for RE Holding Trust One)
- SM Project Company Pty Ltd (as trustee for SM Project Trust)

These entities contributed $26,000 of profit to the Group's loss from ordinary activities prior to their disposal ($nil in the December 2017 half year) and a profit of $167,000 was realised upon the sale of the entities.

Details of associate entities:

	Ownership Interest		Contributions to net profit / (loss)	
Name	**Dec 2018 %**	**June 2018 %**	**HY Dec 2018 $'000**	**HY Dec 2017 $'000**
RE Holding Company One Pty Ltd (as trustee for RE Holding Trust One)	**30%**	100%	**(27)**	-
SM Project Company Pty Ltd (as trustee for SM Project Trust)	**30%**	100%	**(4)**	-
AJB Energy Projects Pty Ltd (as trustee for AJB Energy Projects Trust)	**30%**	-	**1**	-
Aggregate share of losses			**(30)**	-

Dividends

The Directors do not propose to recommend the payment of a dividend in respect of the period.

DIRECTORS' REPORT

Your Directors submit their report for the half year ended 31 December 2018.

DIRECTORS

The names of the Directors of ReNu Energy Limited in office during the half year and until the date of this report are as follows.

Steve McLean (Non-executive Chairman)

Craig Ricato (Managing Director & CEO) (appointed 6 July 2018)

Richard Brimblecombe (Non-executive Director)

Anton Rohner (Non-executive Director)

Tony Louka (Non-executive Director) (appointed 5 October 2018)

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

COMPANY SECRETARY

Damian Galvin

CORPORATE STRUCTURE

ReNu Energy Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 1, 9 Gardner Close, Milton, QLD, 4064.

PRINCIPAL ACTIVITIES

ReNu Energy Limited is an independent power producer which delivers clean energy products and services using a build, own, operate and maintain model. The Company provides its customers with renewable energy, at a lower price, with no upfront cost.

The Company is building a portfolio of projects which utilise proven technologies such as solar PV, typically operating under long term contracts generating sustainable cash flows and creating shareholder value. The projects either generate electricity at our customer's premises and deliver directly to the customer behind the meter, or export electricity under long term power purchase agreements or feed in tariffs. ReNu Energy also provides solar PV and embedded networks to multi tenanted properties such as shopping centres, allowing property owners and tenants to receive the benefits of lower cost renewable energy.

ReNu Energy owns and operates several solar PV projects, including a 600 kW solar PV project in the ACT, and solar PV embedded network projects across four regional shopping centres in New South Wales and South Australia. The Company has a 30% interest in two bioenergy projects: a 1.1 MW bioenergy project in Queensland; and a 1.6 MW bioenergy project in NSW, and has a pipeline of new project opportunities.

The Company has continued to progress activities required for the remediation of its geothermal tenements in the Cooper Basin in accordance with the relevant state regulations and environmental requirements.

DIRECTORS' REPORT (Continued)

REVIEW AND RESULTS OF OPERATIONS

Operational review

During the six months to 31 December 2018, ReNu Energy's activities were centred around the commissioning of the last three of the shopping centre embedded networks and the ongoing development of the Company's bioenergy and solar project development pipelines. Key achievements included:

- Electricity supplied to customers increased to 5,309 MWh, a 44% increase from the preceding six months and up 158% from the corresponding half year in FY2018
- Commenced electricity supply to three new shopping centres
- Completed the restructure of the bioenergy business, with Resonance Industrial Water Infrastructure Fund taking a 70% interest, realising net proceeds of $3,500,000
- Signed term sheet for integrated solar / bioenergy project totalling 3.1MW in Western Australia
- Execution of HoA with GrainCorp for the evaluation and development of three solar pilot projects
- Raised $1.2 million in new equity from a successful entitlement offer to shareholders
- Completed a ten for one share consolidation

Bioenergy

Operations

ReNu Energy's two bioenergy facilities operated throughout the period until the Christmas shutdowns, with a minor interruption in August while scheduled plant maintenance was undertaken by our customer at Goulburn.

Gas production increased with warmer conditions and the installation of improved gas distribution infrastructure at the Beaudesert bioenergy site. Electricity generated from site-produced biogas increased by 19% from the June half year and 38% from the corresponding half year, reflecting the commencement of generation at Goulburn in February 2018.

Total electricity supplied in the period (including generation from mains gas) increased 15% to 3,503 MWh (ReNu interest 2,207 MWh) from the preceding half year and 70% from December 2017.

Business development - bioenergy

In October 2018, ReNu Energy announced the execution of a Term Sheet with Western Australian Meat Marketing Co-operative Limited (WAMMCO) to develop an integrated 3.1MW bioenergy and solar PV facility at WAMMCO's Katanning WA abattoir.

The Term Sheet for the Katanning site follows on from ReNu Energy's successful delivery of the 1.6 MW bioenergy facility at WAMMCO's Southern Meats site in Goulburn, NSW earlier in 2018. While similar in size to Goulburn, the Katanning project will seek to integrate 2.5 MW of solar with 600 kW of biogas generation to deliver approximately 50% of the site's energy demand.

ReNu Energy is currently working with WAMMCO to complete detailed project site due diligence, front end engineering & design (FEED) and to finalise binding contracts.

In February 2019, ReNu Energy announced that it had reached agreement with German bioenergy specialist, AGO Bioenergy GmbH (AGO) to unlock further waste-to-energy opportunities across Australia and the Asia Pacific region.

DIRECTORS' REPORT (Continued)

The Cooperation Agreement gives ReNu Energy exclusive access to AGO's products, technologies and services, which are expected to provide a competitive advantage in the regional bioenergy and waste-to-energy sector. ReNu Energy's access to AGO's bioenergy experience and expertise is expected to accelerate the development of new bioenergy projects and access to AGO's high-quality supply chain could deliver significant capital cost reductions.

<u>Solar</u>

Operations

ReNu Energy is now supplying electricity to all four of its shopping centre embedded network sites, although supply to the tenants at the Murray Bridge and Mount Gambier Marketplace sites has been delayed while awaiting AER approvals. The common areas of these two South Australian centres have benefited from ReNu's lower-cost renewable power from August and the Lismore Central centre's solar panels were commissioned in December. The Lismore Central solar output is well-sized for the common area of the centre and a wider embedded network will not be rolled-out to other tenants at this time.

ReNu Energy has subsequently received AER approval (in late February 2019) to finalise the installation of the embedded network infrastructure and expects to commission the respective solar equipment and commence supply to tenants at the two South Australian centres in April 2019.

The solar operations, including the Amaroo site, benefitted from the higher-yielding spring and summer months, with total electricity output from the solar facilities up 165% from the preceding six months to 1,096 MWh.

When complimented with grid-sourced power to the embedded network customers, total electricity supplied increased by 182% to 1,806 MWh.

Business development – solar

In November, ReNu Energy executed a Heads of Agreement (HOA) with GrainCorp Operations Limited (GrainCorp), for the evaluation and development of solar PV projects within GrainCorp's east coast facilities network. Under the agreement, ReNu Energy will build, own, operate and maintain solar assets on GrainCorp properties and sell the electricity to GrainCorp under power purchase agreements.

ReNu Energy and GrainCorp have entered an exclusivity period to 30 June 2019, during which both parties will work together to identify and develop three pilot project solar PV sites. At the time of writing, three sites - one in each of NSW, Victoria and Queensland had been identified. ReNu Energy is currently awaiting the execution of final Power Purchase Agreements specific to the sites, before commencing the approvals process for the PV installations.

The agreement with GrainCorp strongly aligns with ReNu Energy's strategy of delivering behind the meter solar PV installations which are supported by long-term power purchase agreements. The Australian agribusiness sector in particular, represents significant opportunities for the delivery of both solar and bioenergy projects and is a key target market for ReNu Energy.

Events after reporting period

There have been no material events since the end of the reporting period.

DIRECTORS' REPORT (Continued)

Results

The underlying Group EBITDA loss of $1,453,000 (2017: $2,653,000) for the financial period was a significant improvement on previous periods, reflecting the contributions from the Group's growing portfolio of renewable energy assets, the benefits of a sustained cost-reduction program and savings following the initial costs of establishing the solar business in the previous year. Revenues from the Group's solar embedded networks were impacted by delayed regulatory approvals.

The Group's loss before tax of $1,374,000 (2017: $2,928,000) reflected these improvements and the benefit of a $347,000 gain recorded on the sale of a 70% interest in the bioenergy business.

	6 months ended 31 December 2018 $000	6 months ended 31 December 2017 $000
EBITDA – by business segment		
Bioenergy, including business development costs	(208)	(167)
Solar, including start-up and business development costs	(29)	(748)
Geothermal	(74)	(102)
Corporate	(1,142)	(1,636)
Total Group EBITDA	**(1,453)**	**(2,653)**
Gain on sell-down of interest in bioenergy business	347	-
Depreciation	(186)	(135)
Borrowing transaction costs	(12)	(134)
Interest expense	(70)	(6)
Loss after tax	**(1,374)**	**(2,928)**

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the Instrument applies.

AUDITOR INDEPENDENCE DECLARATION

The Directors have obtained an independence declaration from the Company's auditors, BDO, which can be found on page 24 of the Half Year Financial Report.

Indemnification of auditors

The Company has not otherwise, during or since the end of the reporting period, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the Company or of any related body corporate against a liability incurred as such an auditor

Signed in accordance with a resolution of the Directors

C Ricato
Managing Director
Brisbane
26 February 2019

Half Year Financial Report
ended 31 December 2018

ABN 55 095 006 090

Contents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2018	Note	6 months ended 31 December 2018 $'000	6 months ended 31 December 2017 $'000[(1)]
Revenue from contracts with customers	3A(i)	567	-
Total operating income		**567**	**-**
Interest income		41	78
Other income	3A(ii)	10	52
Total income		**618**	**130**
Personnel expenses	3B	(1,055)	(1,088)
Other operating expenses	3C	(683)	(617)
General & administrative expenses	3D	(581)	(1,243)
Finance costs	3F	(60)	(140)
Total expenses	3E	**(2,379)**	**(3,088)**
Share of profit/(loss) of associates	7	**(30)**	-
Loss before income tax		**(1,791)**	**(2,958)**
Income tax benefit / (expense)		-	-
Loss after income tax expense from continuing operations		**(1,791)**	**(2,958)**
Profit from discontinued operations after tax	15(a)	417	30
Net loss for the year after income tax from continuing operations attributable to the owners of the parent		**(1,374)**	**(2,928)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss after tax			
Exchange differences on translation of foreign operations net of tax		3	-
Other comprehensive income for the period		3	-
Total comprehensive loss for the period attributable to the owners of the parent		**(1,371)**	**(2,928)**
Earnings Per Share attributable to the owners of the parent			
Basic and diluted loss per share from continuing operations (cents per share)	13	**(1.86)**	**(4.02)**
Basic and diluted loss per share (cents per share)		**(1.43)**	**(3.98)**

(1) Balances for the prior period have been re-presented to reclassify results from discontinued operations. Refer to note 15.

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018	Note	31 December 2018 $'000	30 June 2018 $'000
Current Assets			
Cash and cash equivalents	4	2,459	1,453
Trade and other receivables	5	1,195	1,180
Inventories		-	20
		3,654	**2,653**
Assets held for sale	15(b)	-	5,489
Total current assets		**3,654**	**8,142**
Non Current Assets			
Other receivables	5	1,445	545
Property, plant and equipment	6	6,816	5,968
Investments in associates	7	452	-
Total non current assets		**8,713**	**6,513**
Total assets		**12,367**	**14,655**
Current Liabilities			
Trade and other payables	8	801	2,630
Borrowings	9	121	1,431
Provisions	10	1,708	806
Liabilities directly associated with assets held for sale	15(c)	-	34
Total current liabilities		**2,630**	**4,901**
Non Current Liabilities			
Borrowings	9	1,154	-
Provisions	10	116	1,104
Total non current liabilities		**1,270**	**1,104**
Total liabilities		**3,900**	**6,005**
Net assets		**8,467**	**8,650**
Equity			
Issued capital	11	356,455	355,287
Other reserves	12	94	71
Accumulated losses		(348,082)	(346,708)
Total equity		**8,467**	**8,650**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018	Note	**6 months ended 31 December 2018 $'000**	6 months ended 31 December 2017 $'000
Cash flows from operating activities			
Receipts from customers		701	333
Net Goods and Services Tax received		(3)	235
Payments to suppliers and employees		(2,548)	(2,679)
Interest received		19	113
Interest paid		(42)	(5)
Net cash outflows from operating activities		**(1,873)**	**(2,003)**
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment		3,800	-
Purchase of property, plant & equipment		(1,463)	(5,376)
Investment in associate		(180)	-
Loans advanced to associates		(180)	-
Distributions received from associates		50	-
Payments for rehabilitation expenditure		(51)	(175)
Proceeds from R&D Tax Incentive		92	311
Proceeds from Government grants		-	1,400
Payments for rectification expenditure		-	(108)
Net (deposits) / return of cash held as security		(147)	74
Net cash inflows / (outflows) from investing activities		**1,921**	**(3,874)**
Cash flows from financing activities			
Proceeds from issue of shares		1,273	2,299
Repayment of borrowings		(169)	-
Transaction costs of share issues		(123)	(30)
Transaction costs of loans and borrowings		(23)	(10)
Net cash inflows from financing activities		**958**	**2,259**
Net increase / (decrease) in cash and cash equivalents		**1,006**	**(3,618)**
Add: Opening cash and cash equivalents carried forward		1,453	10,890
Closing cash and cash equivalents carried forward	4	**2,459**	**7,272**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2018	Issued Capital $'000	Share Based Payments Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Total Equity $'000
At 1 July 2018	**355,287**	**59**	**12**	**(346,708)**	**8,650**
Loss for the period	-	-	-	(1,374)	(1,374)
Other comprehensive income	-	-	3	-	3
Total loss for the period	-	-	3	(1,374)	(1,371)
Transactions with owners in their capacity as owners:					
Shares issued	1,273	-	-	-	1,273
Share issue costs	(105)	-	-	-	(105)
Share-based payment	-	20	-	-	20
At 31 December 2018	**356,455**	**79**	**15**	**(348,082)**	**8,467**

FOR THE HALF YEAR ENDED 31 DECEMBER 2017	Issued Capital $'000	Employee Equity Benefits Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Total Equity $'000
At 1 July 2017	**353,129**	**48**	**12**	**(341,485)**	**11,704**
Loss for the period	-	-	-	(2,928)	(2,928)
Other comprehensive income	-	-	-	-	-
Total loss for the period	-	-	-	(2,928)	(2,928)
Transactions with owners in their capacity as owners:					
Shares issued	2,299	-	-	-	2,299
Share issue costs	(112)	-	-	-	(112)
Cost of share-based payment - recognition of SARs	-	29	-	-	29
At 31 December 2017	**355,316**	**77**	**12**	**(344,413)**	**10,992**

The above Consolidated Statement of Changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – CORPORATE INFORMATION

The condensed consolidated financial statements of ReNu Energy Limited and its subsidiaries (collectively the Group or Consolidated Entity) for the half year ended 31 December 2018 were authorised in accordance with a resolution of the Directors on 25 February 2019.

ReNu Energy Limited is a Company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. Its registered office and principal place of business is Level 1, 9 Gardner Close, Milton, QLD, 4064.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2018 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The half year financial report has been prepared on a historical cost basis and going concern basis and is presented in Australian dollars. All values are rounded to the nearest $1,000 (unless otherwise stated). For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

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 report be read in conjunction with the Annual Report for the year ended 30 June 2018 and considered together with any public announcements made by ReNu Energy Limited during the half year ended 31 December 2018 in accordance with the continuous disclosure obligations of the ASX listing rules.

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2018, with the exception that the group has applied for the first time the requirements of:

(i) AASB 15 *Revenue from contracts with customers* has been applied from 1 July 2018. The implementation of AASB 15 has not had a material impact on the Group's financial statements and there has been no cumulative impact from the initial implementation of AASB 15, as the revenue recognised under AASB 15 is not materially different from that recognised under the Group's previous method of accounting for customer contracts. Refer to note 3A for the Group's revenue recognition policies.

(ii) AASB 9 *Financial Instruments* has been applied from 1 July 2018. The implementation of AASB 9 has not had a material impact on the Group's financial statements as the Group does not have any financial instruments which are affected. Impairment provisions are now based on expected credit losses rather than only incurred credit losses, but this has not resulted in any material impact on provisions for impairment losses.

B. Going Concern

Due to the formative nature of the bioenergy and solar businesses in the Group, the ability of the Group to continue as a going concern is dependent on its ability to secure appropriate projects and related funding for project investment, and to manage cash resources effectively.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A major focus of the Board and management is on ongoing cash flow management to ensure that the Group always has sufficient funds to cover its planned activities and any ongoing obligations. At 31 December 2018, the Directors are satisfied that the Group has access to sufficient funds to extinguish creditors and liabilities in the ordinary course of business for at least the next 12 months from the date of signing this report.

At 31 December 2018, ReNu Energy had available cash of $2,459,000 and revenues from the existing portfolio of operating assets will also contribute to the cash resources available to the Group in the future.

In addition to these operational projects, the Group has identified a pipeline of new projects and is actively progressing their evaluation and planning. The Group will only commit to new projects if it believes that it can access the necessary funding. To date the Group has been successful in funding new projects through a combination of borrowings, Government grants and equity from new and existing shareholders. The Directors and management believe that the Group will be able to continue to access funding necessary to support its current and future obligations and accordingly have applied the going concern basis of accounting in preparing the financial statements.

C. Share-based Payments

Loan Share Plan Shares

On 14 December 2018, the Company issued 14,424,000 ordinary shares (Plan Shares) to executives of the Company pursuant to the Loan Share Plan approved by shareholders at the Annual General Meeting.

The Plan Shares are subject to certain vesting conditions, comprising: the maintenance of continuous employment with the Company until a specified date (Earliest Vesting Date); and the achievement of certain share price targets for ReNu Energy's shares (Target Price) as follows:

Vesting condition	**Managing Director**	**Other executives**	
Earliest Vesting Date	6 July 2019	31 July 2019	
Share Target Price*	**Number of Plan Shares**	**Number of Plan Shares**	**Total Plan Shares**
$0.20	2,885,000	1,923,000	4,808,000
$0.40	2,885,000	1,923,000	4,808,000
$0.50	2,885,000	1,923,000	4,808,000
Total Plan Shares	**8,655,000**	**5,769,000**	**14,424,000**

* The Target Price vesting condition will be satisfied where the Volume Weighted Average Price of the Company's shares over any 20 day trading period is at least the Target Price.

Plan Shares will also vest if there is a change of control event.

Each recipient has been provided with a 10 year, limited recourse, interest-free loan to fund the acquisition of the Plan Shares. The loan amount is calculated as $0.104 per Plan Share multiplied by the number of Plan Shares and is repayable in certain circumstances, including when employment with the Company ceases. The Company's recourse against the employee is limited to the loan amount if the Plan Shares have vested, or otherwise the transfer back to the Company of the Plan Shares to which the loan relates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As the Company has no right to receive cash settlement for the loan (the executive can elect to forfeit the shares), no loan receivable has been recognised by the Company. The effect of the contractual arrangements is equivalent to an option exercisable at the time of loan repayment at an exercise price of $0.104 per share. As a result, the grant of Plan Shares has been valued using an option pricing model and the fair value recognised in profit and loss over the expected vesting period.

Amendment of Loan Share Plan Shares previously issued

The terms of Plan Shares issued in 2017 were amended as a result of the consolidation of the Company's share capital, and to align the terms with the Plan Shares issued in December 2018:

	Amended	Previous
Plan Shares (number)	1,434,150	14,341,500
Target Price vesting condition ($ per share)	$0.20	$0.04
Loan amount	$246,674*	$246,674

*Loan amount is reduced to $189,623 if the recipient has been continuously employed by ReNu Energy until 10 May 2019.

D. Business Combinations and Goodwill

Business combinations are accounted for by applying the acquisition method of accounting, whereby the identifiable assets, liabilities and contingent liabilities (identifiable net assets) are measured on the basis of fair value at the date of acquisition.

E. Comparative Figures

When required by Accounting Standards, comparative figures are adjusted to conform to changes in presentation for the current financial year. Certain comparative financial information presented in the Statement of Comprehensive Income, and Statement of Cash Flows has been reclassified in this financial report to improve the presentation of information. The reclassification results in no net change to loss or cash flows for the comparative period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 3A – INCOME	6 months ended 31 December 2018 $'000	6 months ended 31 December 2017 $'000
(i) Revenue from contracts with customers		
Electricity	446	-
Operating and maintenance services	80	-
Renewable energy credits and certificates	41	-
	567	**-**
(ii) Other income		
Recoupment of rehabilitation costs from former joint venture participant	-	52
Other income	10	-
	10	**52**

Revenues from contracts with customers

The primary performance obligation of the Group is the supply of electricity. Electricity revenues are recognised based on metered usage at end of each month at agreed contracted rates and are invoiced monthly to customers in accordance with their contract, based on metered usage. Invoices are due for payment between 14 and 30 days from invoice date.

Revenue earned from operating and maintenance services is invoiced monthly based on contractual terms which typically include a fixed monthly charge and a charge per engine operating hour. Invoices are due for payment within 7 business days.

Revenues derived from renewable energy credits and certificates are recognised at the estimated market value as the right to obtain the instrument is earned. Contracts typically settle within three business days of contract date.

NOTE 3B – PERSONNEL EXPENSES	6 months ended 31 December 2018 $'000	6 months ended 31 December 2017 $'000
Employee expenses	1,035	1,059
Share based payments expense	20	29
	1,055	**1,088**

NOTE 3C – OTHER OPERATING EXPENSES

Facility operating costs	442	86
Depreciation of operational plant and equipment	138	2
Business development costs	106	523
Project rectification costs	(3)	6
	683	**617**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 3D – GENERAL AND ADMINISTRATIVE EXPENSES	6 months ended 31 December 2018 $'000	6 months ended 31 December 2017 $'000
Governance and investor relations	149	309
External advisory	99	360
Facility, IT and communications	141	272
Travel	63	76
Insurance	103	177
Depreciation of plant and equipment	6	3
Other	20	46
	581	**1,243**

NOTE 3E – OTHER EXPENSES AND LOSSES/(GAINS)

Loss before income tax has been determined after charging/(crediting) the following specific items (amounts may be included above in notes 3B, 3C and 3D):		
Depreciation	144	135
Operating lease rentals paid	81	53
Foreign exchange loss/(gain)	2	(1)
Impairment of other receivables	-	63

NOTE 3F – FINANCE COSTS

Interest expense	43	6
Transaction costs of loans and borrowings	12	134
Unwinding of provision discount	5	-
	60	**140**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 4 – CASH AND CASH EQUIVALENTS	31 December 2018 $'000	30 June 2018 $'000
Cash at bank	1,945	1,358
Short-term deposits	514	95
Total cash - excluding cash held by disposal group held for sale	**2,459**	**1,453**

Non-cash financing activities

On 14 December 2018 the Company issued shares to Key Management Personnel under the Loan Share Plan approved at the Annual General Meeting held on 28 November 2018. Further details are provided in note 2C.

NOTE 5 –TRADE AND OTHER RECEIVABLES	31 December 2018 $'000	30 June 2018 $'000
Current		
Cash held as security	492	295
Trade receivables	112	156
GST receivable	52	203
Interest receivable	31	1
R&D Tax Incentive receivable	-	92
Other receivables and deposits	314	134
Prepayments	194	299
Total current trade and other receivables	**1,195**	**1,180**
Non-current		
Loan to associate(1)	900	-
R&D Tax Incentive receivable	545	545
Total non-current trade and other receivables	**1,445**	**545**

(1) Financial asset at amortised cost

Current trade receivables, GST receivable, interest receivable and other receivables are non-interest bearing. The fair values of trade and other receivables approximate their carrying values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 6 – PROPERTY, PLANT & EQUIPMENT	31 December 2018 $'000	30 June 2018 $'000
Plant and Equipment at cost	30,189	28,258
Less: accumulated depreciation and impairment	(23,373)	(22,290)
Total Property, Plant and Equipment	**6,816**	**5,968**
Reconciliation of Plant & Equipment		
Carrying amount at beginning of the period	5,968	2,821
Additions	760	10,238
Proceeds of grant	-	(2,100)
Reclassification from / (to) Assets Held for Sale	232	(4,663)
Depreciation/Amortisation expense	(144)	(328)
Carrying amount at the end of the period	**6,816**	**5,968**

NOTE 7 – INVESTMENT IN ASSOCIATES

Interest in associates

Name of entity	Ownership interest		Carrying amount	
	31 December 2018 $'000	30 June 2018 $'000	31 December 2018 $'000	30 June 2018 $'000
RE Holding Company One Pty Ltd	30%	100%	452	-

RE Holding Company One Pty Ltd, in its capacity as trustee for the RE Holding Trust One, acts as holding company for entities which own bioenergy projects in Australia. In July 2018, the Company sold a 70% interest in RE Holding Company One Pty Ltd as described in note 15.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 7 – INVESTMENT IN ASSOCIATES (Continued)

Summarised financial information for associates	**31 December 2018 $'000**	**30 June 2018 $'000**
Summarised Balance Sheet		
Current assets	474	-
Non-current assets	4,819	-
Total assets	**5,293**	**-**
Current liabilities	(294)	-
Non-current liabilities	(3,015)	-
Total liabilities	**(3,309)**	**-**
Net assets	**1,984**	**-**
Reconciliation to carrying amount		
Group's interest	30%	-
Group's interest in net assets	595	-
Elimination of Group interest in (profits)/losses arising from transactions with associates	(143)	-
Carrying amount of investments in associates	**452**	**-**

	31 December 2018 $'000	**31 December 2017 $'000**
Summarised statement of comprehensive income		
Revenue	335	-
Loss from continuing operations	(101)	-
Total comprehensive loss	(101)	-
Group's share of loss of associates at 30%	(30)	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 8 – TRADE AND OTHER PAYABLES	31 December 2018 $'000	30 June 2018 $'000
Current		
Trade creditors	449	1,257
Accrued and other liabilities	303	640
Deferred gain on sale of subsidiary	10	-
GST payable	39	733
	801	**2,630**

The fair values of trade and other payables approximate their carrying values due to their short-term nature.

NOTE 9 – BORROWINGS	31 December 2018 $'000	30 June 2018 $'000
Current borrowings		
Secured loan	59	1,244
Other borrowings	62	187
Total current borrowings	**121**	**1,431**
Non-current borrowings		
Secured loan	1,154	-
Total non-current borrowings	**1,154**	**-**

Changes in borrowings resulting from financing activities	2018 $'000
At 1 July 2018	**1,431**
Repayments of principal	(168)
Expensing of transaction costs (non-cash)	12
At 31 December 2018	**1,275**
Current	121
Non-current	1,154
	1,275

At 30 June 2018, the secured loan balances were disclosed as 'current', as at that date the Group did not have a right to defer settlement of the loan for at least the next 12 months. At 31 December 2018, the Group was in compliance with all loan covenants and the loan liability which is not due for repayment in the next 12 months has been disclosed as 'non-current'.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 10 – PROVISIONS

	Employee Entitlements $'000	Rehabilitation Provision $'000	Other Provisions $'000	Total Provisions $'000
At 1 July 2018	**144**	**1,670**	**96**	**1,910**
Arising during the year	52	-	7	59
Utilised	(147)	-	(3)	(150)
Unwinding of discount	-	-	5	5
At 31 December 2018	**49**	**1,670**	**105**	**1,824**
Current - December 2018	26	1,670	12	1,708
Non current - December 2018	23	-	93	116
At 31 December 2018	**49**	**1,670**	**105**	**1,824**
Current - June 2018	117	676	13	806
Non current - June 2018	27	994	83	1,104
At 30 June 2018	**144**	**1,670**	**96**	**1,910**

The rehabilitation provision relates to the remaining rehabilitation of the Cooper Basin site including the wells and surface rehabilitation.

NOTE 11 – ISSUED CAPITAL

	31 December 2018 $'000	30 June 2018 $'000
Authorised Shares		
110,953,741 (June 2018 – 859,157,346) fully paid ordinary shares	**356,455**	**355,287**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 11 – ISSUED CAPITAL (Continued)

MOVEMENT IN ORDINARY SHARE CAPITAL:		NUMBER OF SHARES	ISSUE PRICE $ PER SHARE	$'000
30/06/17	**Balance end of financial year**	**717,074,558**		**353,129**
10/11/17	Shares issued pursuant to loan share plan(1)	43,024,500		-
22/12/17	Shares issued pursuant to share purchase plan	127,741,288	0.0180	2,299
23/04/18	Buy-back of loan share plan shares(2)	(28,683,000)		-
	Share issue costs			(141)
30/06/18	**Balance**	**859,157,346**		**355,287**
27/07/18	Shares issued pursuant to entitlement offer 1:2	106,113,451	0.012	1,273
11/12/18	Share consolidation 1:10	(868,741,056)		-
14/12/18	Shares issued pursuant to loan share plan(1)	14,424,000		-
	Share issue costs			(105)
31/12/18	**Balance**	**110,953,741**		**356,455**

1. Shares issued pursuant to an employee loan share plan have been accounted for as an option. Further details are set out in note 2C.
2. Loan share plan shares were cancelled upon failure to satisfy vesting conditions

Terms and conditions of contributed equity

Ordinary Shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Share appreciation rights (SARS)

In addition to the ordinary shares, the Company has issued Share Appreciation Rights (SARs) to Key Management Personnel. The SARs can convert into ordinary shares upon the satisfaction of certain vesting conditions. All SARs were cancelled in the previous financial year.

MOVEMENT IN SHARE APPRECIATION RIGHTS:		NUMBER OF SARs
30/06/17	**Balance at end of financial year**	**20,000,000**
10/11/17	SARs issued	4,061,958
28/03/18	SARs cancelled	(24,061,958)
30/06/18	**Balance at the end of the financial year**	**-**
31/12/18	**Balance**	**-**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 12 – OTHER RESERVES	31 December 2018 $'000	30 June 2018 $'000
Share based payments reserve	79	59
Foreign currency translation reserve	15	12
	94	**71**
Reconciliation of Reserves		
Carrying amount at beginning of period	71	60
Net share based payments expense	20	11
Recognition of foreign currency translation reserve	3	-
	94	**71**

Nature and purpose of reserves

Share based payments reserve

The employee share based payment reserve is used to record the value of loan share plan shares granted to employees, including key management personnel, as part of their remuneration.

Foreign currency translation reserve

This reserve records the differences arising as a result of translating the financial statements of subsidiaries recorded in foreign currencies to the presentational currency.

NOTE 13 – EARNINGS PER SHARE	6 months ended 31 December 2018	6 months ended 31 December 2017[(1)]
Basic and diluted earnings/(loss) per share attributable to the equity holders (cents per share):		
From continuing operations	**(1.86)**	**(4.02)**
From discontinued operations	**0.43**	**0.04**
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net loss attributable to equity shareholders ($'000):		
From continuing operations	**(1,791)**	**(2,958)**
From discontinued operations	**417**	**30**
Weighted average number of ordinary shares used in calculation of basic earnings per share (number of shares)[(1)]	**96,302,922**	**73,524,804**

1 The number of shares used in the calculation of earnings per share have been adjusted to reflect the 1:10 share consolidation that took effect in December 2018.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 14 – SEGMENT INFORMATION

The Group operates in three segments, being solar, bioenergy and geothermal exploration and evaluation. The geothermal segment exists only to complete remediation activities. All operations are located in Australia. There is no difference in the basis of segmentation to those disclosed in the annual financial statements for year ended 30 June 2018.

Operating segments are identified on the basis of internal reports that are regularly reviewed and used by the Managing Director and Board of Directors (chief operating decision makers) in order to allocate resources to the segment and assess its performance. The financial information presented to the chief operating decision makers uses EBITDA (including proportionate consolidation of associates' results) as a measure to assess performance. Group assets and liabilities are not presented by segment to the chief operating decision makers.

Unless otherwise stated, all amounts reported to the Managing Director and Board of Directors as the chief operating decision makers are in accordance with the Group's accounting policies.

Segment Information

The following table represents financial information for the Group's operating segments for the six months ended 31 December 2018.

Half Year Ended 31 December 2018						**Reconciliation to loss from continuing operations after tax**	
	Bioenergy[1] $'000	**Solar $'000**	**Geothermal $'000**	**Corporate $'000**	**Segment totals $'000**	**Discontinued operations[2] $'000**	**Consolidated[1] $'000**
Revenue and income							
From external customers							
- Electricity	213	446	-	-	659	(138)	**521**
- O&M services	80	-	-	-	80	-	**80**
- Renewable energy credits	114	41	-	-	155	(90)	**65**
- Other	-	-	-	12	12	-	**12**
- Interest income	-	-	-	41	41	-	**41**
Expenses	(615)	(516)	(74)	(1,195)	(2,400)	145	**(2,255)**
EBITDA	**(208)**	**(29)**	**(74)**	**(1,142)**	**(1,453)**	**(83)**	**(1,536)**
Gain on sale of property, plant and equipment	180	-	-	-	**180**	(180)	**-**
Gain on sale of subsidiary	167	-	-	-	**167**	(167)	**-**
Depreciation	(41)	(132)	-	(13)	**(186)**	13	**(173)**
Borrowing transaction costs	-	(12)	-	-	**(12)**	-	**(12)**
Interest expense	(27)	(39)	-	(4)	**(70)**	-	**(70)**
Loss after tax	**71**	**(212)**	**(74)**	**(1,159)**	**(1,374)**	**(417)**	
Loss from continuing operations after tax							**(1,791)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 14 - SEGMENT INFORMATION (Continued)

(1) The reported Bioenergy segment results include the Group's proportionate interest the results from associates accounted for by the equity method. The interest in the loss of these associates was $30,000.

(2) Discontinued operations relate entirely to the Bioenergy segment.

Half Year Ended 31 December 2017						Reconciliation to loss from continuing operations after tax	
	Bioenergy $'000	Solar $'000	Geothermal $'000	Corporate $'000	Segment totals $'000	Discontinued operations[1] $'000	Consolidated $'000
Revenue and income							
From external customers							
- Electricity	154	-	-	-	154	(154)	**-**
- Renewable energy credits	180	-	-	-	180	(180)	**-**
- Other	-	-	52	-	52	-	**52**
- Interest income	3	-	-	75	78	-	**78**
Expenses	(504)	(748)	(154)	(1,711)	(3,117)	174	**(2,943)**
EBITDA	**(167)**	**(748)**	**(102)**	**(1,636)**	**(2,653)**	**(160)**	**(2,813)**
Depreciation	(132)	-	-	(3)	**(135)**	130	**(5)**
Borrowing transaction costs	-	(134)	-	-	**(134)**	-	**(134)**
Interest expense	-	-	(1)	(5)	**(6)**	-	**(6)**
Loss after tax	**(299)**	**(882)**	**(103)**	**(1,644)**	**(2,928)**	**(30)**	
Loss from continuing operations after tax							**(2,958)**

(1) Discontinued operations relate entirely to the Bioenergy segment.

Reconciliation of segment revenue to consolidated income	6 months ended 31 December 2018 $'000	6 months ended 31 December 2017 $'000
Segment revenue	**678**	**52**
Segment interest income	**41**	**78**
Less revenue from associates accounted for by the equity method	**(101)**	**-**
Total consolidated income from continuing operations	**618**	**130**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 15 – DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

During the period, the Group disposed of a 70% interest in two bioenergy projects:

(i) On 17 July 2018, the Company completed the sale of a 70% interest in RE Holding Company One Pty Ltd whose subsidiary owns the Goulburn Bioenergy Project to an entity in which the Company has a 30% interest, recognising a gain of $167,000; and

(ii) On 13 December 2018, a Group company sold the property, plant and equipment of a bioenergy business to an entity in which the Company has a 30% interest, recognising a gain of $180,000.

The results from these two bioenergy projects up until the date of sale have been classified as discontinued operations. The results from these projects from the date of sale have been accounted-for using the equity method of accounting (refer note 7).

(a) Profit from discontinued operations after tax	**6 months ended 31 December 2018 $'000**	**6 months ended 31 December 2017 $'000**
Revenue – sales income	228	334
Expenses	(145)	(174)
Depreciation	(13)	(130)
Gain on disposal of subsidiary	167	-
Gain on sale of property, plant and equipment	180	-
Net profit/(loss) from discontinued operations	**417**	30
Income tax expense	**-**	-
Net profit from discontinued operations after tax	**417**	30
Net cash flows from discontinued operations		
Net cash inflow from operating activities	**779**	141
Net cash inflow from investing activities	**3,390**	-
Net cash inflow / (outflow) from financing activities	**-**	-

(b) Assets held for sale	**31 December 2018 $'000**	**30 June 2018 $'000**
Cash	-	15
Trade receivables	-	27
Other receivables and prepayments	-	784
Plant & equipment	-	4,663
Total assets held for sale	**-**	5,489

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 15 – DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (Continued)

(c) Liabilities directly associated with assets held for sale	31 December 2018 $'000	30 June 2018 $'000
Trade creditors, accrued and other liabilities	-	19
Other provisions	-	15
Total liabilities directly associated with assets held for sale	**-**	**34**

(d) Details of the sale of the subsidiary – RE Holding Company One Pty Ltd	31 December 2018 $'000
Consideration received or receivable	
Cash	2,800
Receivables	789
Loan receivable from associate	720
Fair value of investment in associate received	453
Total consideration received or receivable	**4,762**
Net assets sold / de-recognised	(4,523)
Gain on sale	**239**
Gain on sale of subsidiary (net of retained 30% interest)	**167**

The carrying amount of the net assets and liabilities of RE Holding Company One Pty Ltd as at the date of sale, 17 July 2018 was:

	$'000
Assets	
Cash	15
Trade and other receivables	774
Property, plant & equipment	3,749
Total assets	**4,538**
Liabilities	
Provisions	(15)
Total liabilities	**(15)**
Net assets	**4,523**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 16 – CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date there has been no material change in contingent liabilities or contingent assets.

NOTE 17 – RELATED PARTY DISCLOSURES

Transactions with Key Management Personnel

A Director, Mr Tony Louka was engaged through an associated company, Maxify Pty Ltd to provide consulting services to the Company from 1 October 2018 at $1,000 per month.

Transactions with associates	**6 months ended 31 December 2018 $'000**	**6 months ended 31 December 2017 $'000**
Loans advanced to associates	900	-
Acquisition of units in associates	660	-
Distributions received from associates	50	-
Sales of goods and services to associates	145	-

NOTE 18 – EVENTS AFTER REPORTING PERIOD

There have been no material events since the end of the reporting period.

DIRECTORS' DECLARATION

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

1. 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 2018 and the performance for the half year ended on that date of the Consolidated Entity;

      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.

C Ricato
Managing Director
Brisbane
26 February 2019

AUDITOR'S INDEPENDENCE DECLARATION

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DECLARATION OF INDEPENDENCE BY R M SWABY TO DIRECTORS OF RENU ENERGY LIMITED

As lead auditor of ReNu Energy Limited for the half-year year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ReNu Energy Limited and the entities it controlled during the period.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 26 February 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ReNu Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of ReNu Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 Group's financial position as at 31 December 2018 and its financial 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 the Group, 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

BDO
Rutrvaby

R M Swaby
Director

Brisbane, 26 February 2019