

**WASABI ENERGY LIMITED**

**ACN 000 090 997**

**APPENDIX 4D**

**HALF-YEAR REPORT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

This information should be read in conjunction with the 2008 Annual Report

**Results For Announcement To The Market**

<b>Results</b>				A\$
Revenues from ordinary activities	increase	1,344%	to	142,208
Loss from ordinary activities after tax attributable to members	increase	426%	to	12,213,510
Net loss for the period attributable to members	increase	426%	to	12,213,510

<b>Dividends</b>	Amount per security	Franked amount per security
Final dividend – no dividend is proposed	n/a	n/a
Previous corresponding period – no dividend declared	n/a	n/a
<sup>+</sup> Record date for determining entitlements to the dividend, (in the case of a trust, distribution) ( <i>see item 15.2</i> )	n/a	

<b>NTA backing</b>	Current period	Previous corresponding Period
Net tangible asset backing per <sup>+</sup> ordinary security	0.137 cents	1.54 cents

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**WASABI ENERGY LIMITED**  
**ACN 000 090 997**  
**and its Controlled Entities**

**INTERIM FINANCIAL REPORT**

**31 DECEMBER 2008**

# WASABI ENERGY LIMITED and its Controlled Entities

## CORPORATE DIRECTORY

<b>Directors:</b>	T N Wise      Managing Director S Morris      Executive Director R J Reynolds    Non-Executive Director R Vallender    Non-Executive Director
<b>Company Secretary:</b>	T Wise P MacLeod
<b>Registered Office:</b>	Level 2 Mezzanine 28 Ord Street West Perth WA 6005
<b>Principal Place of Business:</b>	Level 2 Mezzanine 28 Ord Street West Perth WA 6005 Telephone: + 61 8 9322 5050 Facsimile: + 61 8 9322 5052 Web: www.wasabienergy.com
<b>Share Registry:</b>	Computershare Registry Services Pty Limited Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6000 Telephone: + 61 8 9323 2000 Facsimile: + 61 8 9323 2033
<b>Bankers:</b>	Westpac Banking Corporation Limited 109 St George's Terrace Perth WA 6000
<b>Auditors:</b>	KPMG Central Park 152-158 St George's Terrace Perth WA 6000
<b>Solicitors:</b>	Steinepreis Paganin Level 4, Next Building 16 Milligan Street Perth WA 6000
<b>Stock Exchange</b>	The Company is listed on the Australian Stock Exchange. The Home Exchange is Perth.
<b>Other Information:</b>	Wasabi Energy Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares. ASX code: WAS

# WASABI ENERGY LIMITED and its Controlled Entities

## DIRECTORS' REPORT

The directors present their report together with the consolidated financial report for the six months ended 31 December 2008 and the review report thereon.

## DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

<b>Mr Timothy Wise</b> Chairman and Managing Director	Director since 4 January 2000
<b>Mr Stephen Morris</b> Executive Director	Director since 13 November 2006
<b>Mr Robert Reynolds</b> Non-executive Director	Director since 10 August 2005
<b>Mr Robert Vallender</b> Non-executive Director	Director since 10 August 2005

## REVIEW OF OPERATIONS

The net loss after income tax attributable to members of the Group for the half year ended 31 December 2008 was \$12,213,510 (2007: net loss \$2,323,786). This equates to a basic loss per share of 1.51 cents (2007: basic loss per share of 0.33 cents).

Wasabi is invested in a broad range of resource and energy related projects which now include, geothermal and waste power, clean coal processing, uranium exploration, direct coal investment, coal exploration in Canada, water technologies, renewable and energy efficient technology and biodiesel production.

Our investments in public companies have been radically affected by the prevailing market conditions. Share prices of investments held have fallen substantially from their highs. (see table below for current market values)

We are fortunate that most of our public company investments have strong cash reserves and are in a good position to weather the volatility in financial markets. We are confident that a number of our investments are undervalued and look forward to a re rating of those stocks as the market stabilises.

Overall it has been a good half-year for Wasabi despite the market volatility and disappointing share price. As we move forward we will see changes at all levels of the company and look forward to capitalising on what we view as significant upside potential in our core businesses and share portfolio.

# WASABI ENERGY LIMITED and its Controlled Entities

## DIRECTORS' REPORT

### REVIEW OF OPERATIONS (continued)

The following table details the closing price of Wasabi's investments in marketable securities shown in Australian dollars as at 26 February 2009:

Company	Number of shares	Number of listed options	Market value (i) AUD\$
<b>Australia</b>			
Aviva Corporation Limited	10,100,000	-	757,500
Rum Jungle Uranium Limited (ii)	44,000,000	-	2,200,000
Greenearth Energy Limited (iii)	8,333,334	-	1,000,000
Greenearth Energy Limited (iii)	-	2,777,778	16,667
Australian Renewable Fuels Limited	19,815,029	-	158,520
Equatorial Coal Limited	4,220,000	-	109,720
<b>United Kingdom</b>			
Xtract Energy Plc	36,500,000	-	550,773
<b>Canada</b>			
Lysander Minerals Corporation	1,500,000	-	185,009
<b>Total</b>			<b>4,978,189</b>

(i) based on closing prices on 26 February 2009

(ii) escrowed until 14 November 2009

(iii) 4,166,667 shares and 2,777,778 options are escrowed until 4 February 2010

Over the last 6 months Wasabi has made good progress within its two core businesses as follows:

#### Global Geothermal Limited (GGL) – 72% interest

- Increased its provision of engineering services world wide and generated revenue
- Signed a major Licensing agreement with Shanghai Shenghe New Energy Resources and Science Co. for an exclusive licensing deal in China which includes training, technical information and engineering assistance for the initial 4 waste heat plants in China to be installed in the near to mid-term
- Raised substantial new share capital at a premium and attracted interest from a range of investment funds
- Taken control of Kalina Cycle Pate
- Received Licence Royalties from Siemens

The Group is very excited about the future potential of GGL and we look forward to developing a world class company in the area of Waste heat and Geothermal power production using the Kalina cycle technology. This technology is recognised by many as one of the most efficient processes for turning low temperature heat into power.

# WASABI ENERGY LIMITED and its Controlled Entities

## DIRECTORS' REPORT

### REVIEW OF OPERATIONS (continued)

#### **Aqua Guardian Group Limited (AGG) – 35% interest**

The initial product Aqua Armour is a new product used to prevent water evaporation on large scale dams by applying a long life semi floating cover across water storage surfaces.

The key points relating to the Aqua Armour product and its potential are:

- Patented in Australia and Singapore with patents pending in 12 world territories including the USA, China, Europe and India.
- Completed independent testing which proved an 89% reduction in evaporation.
- Environmentally safe, price competitive, simple application, minimum maintenance.
- Only global evaporation control system suitable for major dams and large water storages.
- Product design, manufacturing and delivery logistics in place.
- Demonstration contract in place with Grampians Wimmera Mallee Water (GWM)

This product and its development are a key factor for Wasabi's involvement in this sector which offers limited opportunities to invest. The cost savings associated with this form of water preservation\production are significant and will be impossible to ignore as climate change continues to take grip in Australia and around the world.

Wasabi has now invested \$1.55 million and looks forward to continuing its support of AGG.

#### **Corporate**

At the Annual General Meeting held on 28 November 2008 Wasabi shareholders approved the issue of convertible notes raising an amount of \$3,000,000. The notes were issued with a term of 12 months and an interest rate of 10%. The notes are convertible to ordinary shares at an issue price of 3.50 cents. A further \$225,000 investment in convertible notes with the same terms and conditions was received before the end of the reporting period.

#### **Exercise of Options**

There were no options issued or exercised during the half year. No options lapsed during the half year.

#### **EVENTS SUBSEQUENT TO REPORTING DATE**

Subsequent to the reporting date Global Geothermal Ltd secured a deal with Shanghai Shenghe New Energy Resources Science and Technology Co Ltd for the licensing of the Kalina Cycle technology in China. This represents a major step forward in the commercialisation of the Kalina Cycle Technology. The licensing deal will generate initial revenue of US2 million followed by subsequent royalties for the life of the licence which is due to expire on 2024.

**WASABI ENERGY LIMITED  
and its Controlled Entities**

**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001**

The lead auditor's independence declaration is set on page 6 and forms part of the directors' report for the half year ended 31 December 2008.

Signed in accordance with a resolution of the directors:

T Wise  
Director

Perth  
Dated 27 February 2009

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***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001***

To: the directors of Wasabi Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review' and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

B Steedman

B Steedman  
*Partner*

Perth

27 February 2009

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**WASABI ENERGY LIMITED**  
**and its Controlled Entities**

**CONSOLIDATED INTERIM INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2008**

In AUD	Note	Consolidated	
		31 Dec 2008	31 Dec 2007
		\$	\$
Engineering services		130,940	-
Other income		11,268	9,850
		<u>142,208</u>	<u>9,850</u>
Administration costs		(180,361)	(342,403)
Depreciation		(355)	(2,997)
Employee and directors costs		(706,896)	(1,046,713)
Impairment of assets	9	(11,020,741)	(1,074,707)
Legal and professional fees		(372,775)	(390,155)
Patent costs		(225,423)	-
Research and development		-	(300,971)
Travel		(178,436)	(106,574)
<b>Operating loss before financing</b>		<u><b>(12,542,779)</b></u>	<u><b>(3,254,670)</b></u>
Finance income		279,723	14,343
Finance costs		(269,637)	(280)
<b>Net finance income</b>		<u><b>10,086</b></u>	<u><b>14,063</b></u>
Loss from equity accounted investees		(12,389)	-
<b>Loss before tax</b>		<u><b>(12,545,082)</b></u>	<u><b>(3,240,607)</b></u>
Income tax expense		-	-
<b>Loss for the period</b>		<u><b>(12,545,082)</b></u>	<u><b>(3,240,607)</b></u>
Attributable to:			
Equity holders of the company		(12,213,510)	(2,323,786)
Minority interest		(331,572)	(916,821)
<b>Loss for the period</b>		<u><b>(12,545,082)</b></u>	<u><b>(3,240,607)</b></u>
<b>Basic and diluted loss per share</b>			
<b>(cents)</b>		<u><b>(1.51)</b></u>	<u><b>(0.33)</b></u>

Potential ordinary shares are not considered dilutive, therefore diluted earnings per share is the same as basic earnings per share

The notes on pages 11 to 15 are an integral part of these consolidated interim financial statements.

**WASABI ENERGY LIMITED  
and its Controlled Entities**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT FOR  
THE HALF-YEAR ENDED 31 DECEMBER 2008**

	<b>Issued Capital</b>	<b>Accumulated losses</b>	<b>Reserves</b>	<b>Total</b>	<b>Minority Interest</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
At 1 July 2007	15,924,524	(13,875,838)	427,561	2,476,247	-	2,476,247
Acquisition of subsidiary – minority interest	-	-	-	-	855,261	855,261
Movement in foreign exchange values	-	-	(13,276)	(13,276)	-	(13,276)
Change in fair value of available for sale financial assets	-	-	(272,000)	(272,000)	-	(272,000)
Total income and expense for the period directly recognised in equity	-	-	(285,276)	(285,276)	855,261	569,985
Loss for the period	-	(2,323,786)	-	(2,323,786)	(916,821)	(3,240,607)
Total expense for the period	-	(2,323,786)	(285,276)	(2,609,062)	(61,560)	(2,670,622)
Issue of director options	-	-	586,460	586,460	61,560	648,020
Issue of shares/options as consideration for acquisition of investment	9,770,311	-	438,689	10,209,000	-	10,209,000
Placement of shares	822,515	-	-	822,515	-	822,515
Shares issued on exercise of options	750,000	-	-	750,000	-	750,000
At 31 December 2007	<u>27,267,350</u>	<u>(16,199,624)</u>	<u>1,167,434</u>	<u>12,235,160</u>	<u>-</u>	<u>12,235,160</u>
At 1 July 2008	28,081,038	(16,343,955)	2,009,627	13,746,710	136,557	13,883,267
Movement in foreign exchange values	-	-	106,745	106,745	42,089	148,834
Change in fair value of available for sale financial assets	-	-	(1,118,041)	(1,118,041)	-	(1,118,041)
Loss for the period	-	(12,213,510)	-	(12,213,510)	(331,572)	(12,545,082)
Total expense for the period	-	(12,213,510)	(1,011,296)	(13,224,806)	(289,483)	(13,514,289)
Issue of shares in subsidiary	-	-	544,975	544,975	190,893	735,868
At 31 December 2008	<u>28,081,038</u>	<u>(28,557,465)</u>	<u>1,543,306</u>	<u>1,066,879</u>	<u>37,967</u>	<u>1,104,846</u>

The notes on pages 11 to 15 are an integral part of these consolidated interim financial statements.

**WASABI ENERGY LIMITED**  
**and its Controlled Entities**

**CONSOLIDATED INTERIM BALANCE SHEET**

**AS AT 31 DECEMBER 2008**

<b>In AUD</b>	<b>Note</b>	<b>Consolidated</b>	
		<b>31 Dec 2008</b>	<b>30 June 2008</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		279,991	783,339
Trade and other receivables		282,677	65,816
Assets classified as held-for-sale	10	442,498	2,576,805
Other assets		<u>18,135</u>	<u>7,200</u>
<b>TOTAL CURRENT ASSETS</b>		<u>1,023,301</u>	<u>3,433,160</u>
<b>NON-CURRENT ASSETS</b>			
Assets classified as held-for-sale	10	3,197,776	10,683,105
Other investments		172,242	650,000
Investments in equity accounted investees		640,516	652,905
Plant and Equipment		<u>2,408</u>	<u>2,763</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>4,012,942</u>	<u>11,988,773</u>
<b>TOTAL ASSETS</b>		<u>5,036,243</u>	<u>15,421,933</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		706,397	309,506
Convertible notes	11	3,225,000	-
Loans		<u>-</u>	<u>750,000</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,931,397</u>	<u>1,059,506</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability		<u>-</u>	<u>479,160</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>-</u>	<u>479,160</u>
<b>TOTAL LIABILITIES</b>		<u>3,931,397</u>	<u>1,538,666</u>
<b>NET ASSETS</b>		<u>1,104,846</u>	<u>13,883,267</u>
<b>EQUITY</b>			
Share capital		28,081,038	28,081,038
Reserves	12	1,543,306	2,009,627
Accumulated losses		<u>(28,557,465)</u>	<u>(16,343,955)</u>
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		1,066,879	13,746,710
Minority Interest		<u>37,967</u>	<u>136,557</u>
<b>TOTAL EQUITY</b>		<u>1,104,846</u>	<u>13,883,267</u>

The notes on pages 11 to 15 are an integral part of these consolidated interim financial statements

**WASABI ENERGY LIMITED**  
**and its Controlled Entities**

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

**FOR THE SIX MONTHS ENDED 31 DECEMBER 2008**

In AUD	Note	Consolidated 31 Dec 2008 \$	31 Dec 2007 \$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		145,624	7,531
Cash paid to suppliers and employees		<u>(1,815,022)</u>	<u>(1,391,620)</u>
Cash used in operations		(1,669,398)	(1,384,089)
Interest received		17,052	14,343
Interest paid		<u>(6,843)</u>	<u>(280)</u>
Net cash used in operating activities		<u>(1,659,189)</u>	<u>(1,370,026)</u>
<b>Cash flows from investing activities</b>			
Payments for equity investments		(2,814,086)	(1,100,000)
Proceeds from sale of equity investments		565,142	-
Research & development		<u>-</u>	<u>(300,965)</u>
Net cash used in investing activities		<u>(2,248,944)</u>	<u>(1,400,965)</u>
<b>Cash flows from financing activities</b>			
Proceeds from loan repayment		-	200,000
Proceeds from loan to subsidiary		-	235,676
Proceeds from issue of convertible notes		2,475,000	-
Proceeds from share placement		-	822,515
Proceeds from issue of shares in subsidiary		735,867	171,050
Proceeds from exercise of options		<u>-</u>	<u>750,000</u>
Net cash provided by financing activities		<u>3,210,867</u>	<u>2,179,241</u>
Net decrease in cash and cash equivalents		(697,266)	(591,750)
Cash and cash equivalents at 1 July		783,339	1,492,745
Effect of movement in exchange rates on cash balances		<u>193,918</u>	<u>-</u>
Cash and cash equivalents at 31 December		<u>279,991</u>	<u>900,995</u>

The notes on pages 11 to 15 are an integral part of these consolidated financial statements.

# WASABI ENERGY LIMITED and its Controlled Entities

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

### FOR THE HALF YEAR ENDED 31 DECEMBER 2008

#### 1. REPORTING ENTITY

Wasabi Energy Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2008 is available upon request from the Company's registered office at Level 2 Mezzanine, 28 Ord Street, West Perth WA 6005 or at [www.wasabienergy.com](http://www.wasabienergy.com).

#### 2. STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2008.

This consolidated interim financial report was approved by the Board of Directors on 27<sup>th</sup> February 2008.

#### 3. GOING CONCERN

As at 31 December 2008 the Group had current assets of \$1,023,301 in the form of cash, receivables and realisable current investments (refer Note 10 for value of investments as at 26 February 2009). The Group also has current liabilities of \$3,931,397. This results in a working capital deficiency of \$2,908,096.

Included in the current liabilities the Group has convertible notes and accrued interest of \$3,225,000 which are due for payment between the months of May 2009 and December 2009.

The Group has investments in unlisted securities of \$3,197,776 (refer to Note 10 for value of investments as at 26 February 2009) classified as non-current as the Directors' intention, at this time, is to retain these investments. If required for cash flow purposes these investments can be sold.

The Group also has an investment in its equity accounted associate which has a carrying value of \$640,516 at 31 December 2008. This investment is in escrow until 21 November 2009. The equivalent market value of the listed securities is as at 31 December 2008 \$2,640,000 (value as at 26 February 2009 is \$2,200,000).

The directors, as confirmed in their declaration on page 16 have reached the conclusion that based on all relevant facts including those presented below, there are reasonable grounds to believe that the company and Group will be able to pay their debts as and when they become due and payable and the company and Group remains a going concern. In reaching this conclusion the Directors have had regard to, amongst other things, the following;

**WASABI ENERGY LIMITED**  
**and its Controlled Entities**  
**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**3. GOING CONCERN (continued)**

- On 24 February 2009 Global Geothermal (GGL), a 72% owned subsidiary of the company announced a license agreement which will result in immediate revenue and cash receivable within 7 days of US1 million dollars and further revenue and cash of US1 million dollars within six months. These proceeds will provide additional working capital to repay GGL trade creditors (\$266,063 as at 31 December 2008) and fund the GGL business.
- The Directors intend to raise additional capital of up to \$8million in the form of a rights issue within the next financial quarter. The Directors have resolved to undertake a rights issue to raise sufficient funds to provide additional working capital and enable the company to redeem in full all convertible notes as and when they fall due. However, the capital raising is at preliminary stages and is not underwritten. The Directors believe given the future prospects of the Group the rights issue will be successful.
- The sale of investments if required.

Although the Directors believe they will be successful in the above measures, if they are not, the Company 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 the amount stated in the financial report.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2008.

**5. ESTIMATES**

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2008.

**6. FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2008.

**WASABI ENERGY LIMITED  
and its Controlled Entities**

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	<b>Australia</b>	<b>Holland</b>	<b>UK</b>	<b>Canada</b>	<b>USA</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>7. SEGMENT REPORTING</b>						
For the six months ended 31 December 2007						
Segment revenue	9,850	-	-	-	-	9,850
Segment result	(922,308)	(300,971)	(417,979)	-	(637,328)	(2,278,586)
Unallocated revenue/(expenses)						(962,021)
Loss from operating activities						<u>(3,240,607)</u>
For the six months ended 31 December 2008						
Segment revenue	11,268	-	-	-	130,940	142,208
Segment result	(10,000,397)	-	(1,182,277)	(582,061)	(790,433)	(12,555,168)
Unallocated revenue/(expenses)						10,086
Loss from operating activities						<u>(12,545,082)</u>

The group comprises the following geographic segments:

Australia:	Bio diesel, Aviva Corporation, Greenerth Energy, Aqua Guardian, Australian Renewable Fuels, Equatorial Coal and Rum Jungle Uranium
Holland	Danieli-Corus joint venture
UK	Global Geothermal Limited, Xtract Energy Plc
Canada:	Lilyburt coal project, Lysander Coal Corporation
USA:	Recurrent Engineering Llc

**WASABI ENERGY LIMITED  
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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

**8. FORMATION OF GLOBAL GEOTHERMAL LIMITED**

On 31 July 2007 the company entered into a contractual arrangement with AMP Capital Partners LLC (AMP). To execute this contract a UK subsidiary, Global Geothermal Limited (GGL) was established. Wasabi transferred to GGL the rights to certain patents, licences and intellectual property. AMP transferred to GGL ownership of Recurrent Engineering LLC, a company which owned certain patents, licences and intellectual property. The consideration paid for the investments acquired was the issue of shares of GGL where Wasabi and AMP respectively owned 70% and 30% of the share capital of GGL.

On acquisition the carrying value of the assets transferred from Wasabi to GGL was nil and since GGL is a controlled entity and consolidated there is no impact on the consolidated financial statements. The acquisition of Recurrent in July 2007 resulted in a value of \$1,074,707 attributable to patents and/or goodwill. The Directors of the company were unable to reliably measure the value of the patents or the goodwill or the future benefits which may arise and therefore wrote off the carrying value to nil in the prior reporting period (Refer to note 9).

<b>9. IMPAIRMENT OF ASSETS</b>	<b>31 Dec 2008</b>	<b>31 Dec 2007</b>
	\$	\$
Other investments:		
Aqua Guardian Group impairment (i)	(1,377,758)	-
Assets classified as held-for-sale impairment (ii)	(9,642,982)	-
Purchased Goodwill (refer note 8)	-	1,074,707
	<u>11,020,741</u>	<u>1,074,707</u>

(i) Pursuant to a subscription agreement Wasabi has acquired an equity investment of \$1.55 million for a 35.44% share of Aqua Guardian Group. The Directors of the company have valued the investment at an amount equivalent to the company's share of the net tangible assets of Aqua Guardian Group since they are unable to reliably measure the value of any goodwill on acquisition resulting in a provision for impairment of \$1,377,758 during the reporting period.

(ii) The assets classified as held-for-sale are investments in listed securities and have been written down to market value as at 31 December 2008.

<b>10. ASSETS CLASSIFIED AS HELD-FOR-SALE</b>	<b>31 Dec 2008</b>	<b>30 June 2008</b>
	\$	\$
Current:		
Australian Renewable Fuels Limited	210,398	934,305
Equatorial Coals Limited	232,100	1,642,500
	<u>442,498</u>	<u>2,576,805</u>
Non-current:		
Aviva Corporation Limited	1,010,000	9,191,000
Green Earth Energy Limited	975,000	750,000
Xtract Energy plc, UK	1,052,733	-
Lysander Corporation, Canada	160,043	742,105
	<u>3,197,776</u>	<u>10,683,105</u>

The value of these listed investments has decreased to \$2,778,189 as at 26 February 2009.

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**WASABI ENERGY LIMITED  
and its Controlled Entities**

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

11. CONVERTIBLE NOTES	31 Dec 2008 \$	30 June 2008 \$
	3,225,000	-

At the Annual General Meeting held on 28 November 2008 Wasabi shareholders approved the issue of convertible notes raising an amount of \$3,000,000. The notes were issued with a term of either conversion or repayment within 12 months of the advancement of the funds. These funds were received by the company in the way of advances between May 2008 and November 2008 and at an interest rate of 10%. At the option of the holder the notes are convertible to ordinary shares at an issue price of 3.50 cents. At the option of either the company or the holder the convertible note can be settled by repayment. A further \$225,000 investment in convertible notes with the same terms and conditions was received before the end of the reporting period.

12. RESERVES	31 Dec 2008 \$	30 June 2008 \$
Fair value reserve	-	1,118,041
Share option reserve	864,060	864,060
Other reserve	544,975	-
Foreign exchange reserve	134,271	27,526
	1,543,306	2,009,627

During the reporting period GGL, a UK-based subsidiary of the company, received an equity investment of GBP350,000 by issuing shares equivalent to 3.50% of the total share capital. The company's share of the capital received in the amount of \$544,975 has been credited to the share premium reserve.

**13. EVENTS SUBSEQUENT TO REPORTING DATE**

Subsequent to the reporting date Global Geothermal Ltd has secured a deal with Shanghai Shenghe New Energy Resources Science and Technology Co Ltd for the licensing of the Kalina Cycle technology in China. This represents a major step forward in the commercialisation of the Kalina Cycle Technology. The licensing deal will generate initial revenue of US2 million followed by subsequent royalties for the life of the licence which is due to expire on 2024.

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**DIRECTORS' DECLARATION**

In the opinion of the directors of Wasabi Energy Limited ("the Company"):

1. the financial statements and notes, set out on pages 5 to 14, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Group as at 31 December 2008 and of its performance, for the six month period ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. as set out in note 3 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

T Wise  
Director

Perth

Dated 27 February 2009



## **Independent auditor's review report to the members of Wasabi Energy Limited**

### **Report on the financial report**

We have reviewed the accompanying half-year financial report of Wasabi Energy Limited, which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 13 and the directors' declaration set out on page 16 of the Group comprising the company and the entities it controlled at the half-year's 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2008 and its 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 Wasabi Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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*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 Wasabi Energy Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Material uncertainty regarding continuation as a going concern*

Without qualifying our conclusion we draw attention to Note 3 in the financial report setting out matters which indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

KPMG

KPMG

Rt Steedman

B Steedman  
*Partner*

Perth

27 February 2009

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