



26 February 2010

The Manager
Australian Stock Exchange Limited (ASX)
Company Announcements Office

Dear Sir/Madam

Release of Half Year results to the market

Please find attached the Half Year results for the Group to 31 December 2009 along with the 4D.

The Chairman of Wasabi, Mr John Byrne, commented “the loss has been incurred largely as a consequence of continuing start up costs associated with Global Geothermal, which have been written off. Directors are looking at the possibility of listing all or part of this business later this year at values significantly above the approximately \$1 million carrying value.”

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Alwyn Davey', with a long horizontal stroke extending to the right.

Alwyn Davey
Company Secretary

Appendix 4D

Half year report

1. Company details

Name of entity

Wasabi Energy Limited

ABN or equivalent company reference

Half year ended ('current period')

Half year ended ('previous period')

24 000 090 997	31 December 2009	31 December 2008
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2. Results for announcement to the market

\$A

2.1 Revenues from ordinary activities	Increase	176%	to	361,998
2.2 Loss from ordinary activities after tax attributable to members	Decrease	77%	to	3,280,041
2.3 Net loss for the period attributable to members	Decrease	77%	to	3,280,041
2.4 Dividends	Amount per security	Franked amount per security		
Interim dividend declared	Nil ¢	Nil ¢		
2.5 +Record date for determining entitlements to the dividend.	Not applicable			
2.6 The loss for the period includes \$1,735,590 relating to Global Geothermal start up costs being written off.				

3. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.45c	0.39c

4.1 Control gained over entities

Name of entity (or group of entities)	n/a
Date control gained	
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	

4.2 Loss of control over entities

Name of entity (or group of entities)	n/a
Date control lost	
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).	

5. Dividends

Individual dividends per security

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
	Interim dividend: Current year	nil	¢	¢	¢
	Previous year	nil	¢	¢	¢

6. Foreign entities

Global Geothermal Limited - International Reporting Financial Standards

7. If the accounts are subject to audit dispute or qualification, details are described below

N/a

Sign here:



Date: 25 February 2010

Print name: Alwyn Davey, Company Secretary

WASABI ENERGY LIMITED

ABN 24 000 090 997

Half-year financial report for the half-year ended 31 December 2009

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CORPORATE DIRECTORY

Directors:	Mr John Byrne Mr Stephen Morris Mr Robert Reynolds Mr Robert Vallender	Executive Chairman Executive Director Non-executive Director Non-executive Director
Company Secretary:	Mr Alwyn Davey	
Registered Office:	Level 9 175 Collins Street Melbourne VIC 3000 Telephone: + 61 3 9663 7132 Facsimile: + 61 8 9650 0066	
Principal Place of Business:	Level 9 175 Collins Street Melbourne VIC 3000 Telephone: + 61 3 9663 7132 Facsimile: + 61 8 9650 0066	
Share Registry:	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	
Bankers:	ANZ Royal Bank Branch 293 Collins Street Melbourne VIC 3000	
Auditors:	Deloitte Touche Tohmatsu 550 Bourke Street Melbourne VIC 3000 Telephone: + 61 3 9671 7232 Facsimile: + 61 3 9671 7001	
Solicitors:	Gadens Lawyers Level 25 Bourke Place 600 Bourke Street Melbourne VIC 3000	
Stock Exchange:	The Company is listed in the Australian Stock Exchange.	
Other Information:	Wasabi Energy Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares. ASX code: WAS	

Directors' report

The directors of Wasabi Energy Limited present the financial report of the company and its subsidiaries for the half-year ended 31 December 2009. In order to comply with the provisions of the *Corporation Act 2001*, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Mr John Byrne
Executive Chairman

Mr Stephen Morris
Executive Director

Mr Robert Reynolds
Non-executive Director

Mr Robert Vallender
Non-executive Director

Mr Timothy Wise
Managing Director

The above named directors held office during and since the end of the half-year except for:
Mr Timothy Wise resigned 9 September 2009

Review of operations

The total loss of the consolidated entity attributable to the owners of the parent for the half year ended 31 December 2009 was \$3,280,041 (2008: net loss \$14,576,387). This equates to a basic loss per share of 0.29 cents (2008: basic loss per share of 1.80 cents).

Highlights

- Shareholding in Global Geothermal Ltd increased to 94% as the roll out of Kalina Power Cycle plants gathers pace.
- Merger discussions and due diligence advanced with Australian Renewable Fuels.
- AquaGuardian Group moves toward commercialization of its AquaArmour water conservation product.
- Successful fund raising.

Global Geothermal (GTL)

Wasabi increased its shareholding in GTL from 67% to 95% in the half year. GTL owns the intellectual property rights worldwide to the Kalina Power Cycle (KPC), a more efficient method of generating electricity from low-heat sources than traditional power generation processes.

As such, KPC has particular application in producing electricity from low-temperature heat generated from industrial processes and from geothermal sources. A plant that will utilize solar power is nearing completion while the application of KPC in two proposed ocean thermal projects is under discussion.

To date seven KPC plants have been built in the US, Iceland and Japan. They have thus far generated 300 million Kw hours of electricity and have provided concrete evidence of significant efficiency gains when compared with conventional systems. Of the plants built so far, two generate power from industrial process heat, three from geothermal sources and two were demonstration plants. Plants currently in operation have an installed capacity of 11.6Mw.

DIRECTORS' REPORT

Review of operations (continued)

In the December half, construction either commenced or continued on five plants to be supplied in China, Japan and Germany. Two of the plants are close to commissioning and are expected to be operating in the first half of 2010.

GTL's licensing agreement with Shanghai Shenge New Energy Resources Science and Technology covering manufacture and distribution of KPC's plants in the Peoples Republic of China received all necessary government approvals in the December half and the final licence fee payment was received.

This licensing agreement together with a manufacturing agreement signed with Johnson Controls of the US for an initial two plants, will speed up the application of KPC technology considerably. GGL has another 17 projects pending, some of them for multiple units, in China, Europe, Japan, South Africa, India and the US.

Wasabi expects that as knowledge of the existence of KPC becomes more widespread and the pressures for more efficient electricity use and reduced carbon dioxide emissions increase, forward orders will increase significantly.

Australian Renewable Fuels (AR Fuels)

Wasabi increased its shareholding in AR Fuels to 24.6% mainly by supporting the company's fundraising by way of underwriting a pro rata issue to shareholders in the half year. Subsequently, Wasabi and AR Fuels agreed to enter discussions on a possible merger that is subject to due diligence by each party and agreement on merger terms.

AR Fuels has capacity to produce over 90 million litres of biodiesel annually from its refineries at Picton, WA, and Largs Bay, South Australia. AR Fuels' focus is to secure a reliable feedstock supply that makes no demand on food chain products, and to build a market large enough to justify increased production.

During the half year, an agreement was reached with Wesfarmers Premier Coal to supply its WA coal mining operations from the Picton plant, providing a base demand for the Picton refinery to operate and to continue to seek market opportunities.

The main sales targets will be mining companies and oil refiners seeking either reliable supplies or to reduce their carbon and nitric oxide emissions into the atmosphere. The lack of binding agreement from the Copenhagen summit has eased pressure on government to mandate greater biofuel use, although some advance has been made by the NSW Government's decision to mandate a 2% biofuel content on fuel sold in the state.

AquaGuardian Group Ltd (AGG)

AGG continued to progress the commercialization of its water-conserving AquaArmour modules in the half, securing an AusIndustry Climate Ready Grant and entering into two long term manufacturing agreements with major international plastics producers.

Venture Industries, a global plastics producer with operations in Australia, the USA, South Africa, Russia, India and China, has agreed to provide a financial contribution toward's AGG's first project in Australia in return for the manufacturing rights in Australia and New Zealand.

This initial project is expected to commence in the first half of 2010 with manufacturing coming on line and under an agreement that AGG has with Grampians Wimmera Mallee Water (GWM Water), a major Victorian State Water utility to provide a 2 ha cover across a regional township water storage facility at Ouyen in western Victoria to save an estimated 52million litres of water per year under this single small cover

DIRECTORS' REPORT

Review of operations (continued)

Typically, yearly losses of water through evaporation on water storages/dams, which on average exceeds 4 times the total annual rainfall in Australia, is a critical challenge for all water authorities and the industry generally. GWM Water, managing water in Victoria for over 70 townships and having over 10,000 hectares of regional dams, are fully aware of the impact of evaporation with an estimated 33% of their total water storage volumes lost to evaporation each year.

Srithai Superware, one of the world's largest plastic manufacturers with distribution to 94 countries in conjunction with PTT has identified this market opportunity and agreed to provide a financial contribution towards a project in Asia, in return for South East Asian manufacturing rights. Both Srithai Superware and AGG will jointly source a demonstration site in Asia to showcase the benefits, promote the product to create market awareness into the Asian region.

A highly regarded world tooling developer, Zimmerman Formenbeau of Germany is currently producing the injection moulding tool required for large scale manufacturing production of the modules. On present schedules this tool will be delivered for AGG to begin deployment of the modules at Ouyen in early May 2010.

AquaArmour™ is a hexagonal-shaped modular floating cover made of high strength polyethylene (HDPE) that when launched on a reservoir or water storages takes in water for ballast. In a semi-submerged state, the modules have been proven to reduce the amount of light and heat entering that water and provide wind protection to reduce evaporation by up to 88%. It is the only anti-evaporation system that is economic and specifically designed for open environment large scale water storage facilities and has potential for widespread application in Australia and internationally.

Management has been strengthened with the appointment of Dr Sarah Gray as senior technical officer. Dr Gray is a Bachelor of Science and obtained her PhD. in analytical and environmental chemistry from Monash University. She has had broad experience initially in research and, more recently, has been responsible for commercializing water and environmental products based on nanotechnology.

AGG received a grant of \$500,000 from the Federal Government Climate Ready Grant during the half year and will utilize the funds to advance the Ouyen project. A marketing team has been appointed to expand the limited marketing program that has been undertaken to date.

A patent for the Peoples Republic of China was also granted in the period. Discussions are continuing with Asia, US and South African groups to sub-licence AquaArmour production and sales in those regions and countries while a marketing team has been appointed to convert many expressions and letters of interest received so far into firm orders and expand the limited product exposure that has occurred to date.

Listed Investments

The following table details the closing price of Wasabi's investments in marketable securities shown in Australian dollars as at 23 February 2010:

Company	Number of shares	Market value (i) AUD\$
Australia		
Aviva Corporation Limited	10,100,000	585,800
Rum Jungle Uranium Limited	44,000,000	3,740,000
Greenearth Energy Limited	7,853,334	1,256,533
Australian Renewable Fuels Limited ⁽ⁱⁱ⁾	155,023,053	2,325,346
Canada		
Lysander Minerals Corporation ⁽ⁱⁱⁱ⁾	1,500,000	318,000
Total		8,225,679

(i) based on closing prices on 23 February 2010

(ii) Wasabi also holds 107,829,988 options in Australian Renewable Fuels Limited exercisable at 1c each.

(iii) Market Value of CAD\$300,000

DIRECTORS' REPORT

Review of operations (continued)

Corporate

Wasabi's non-renounceable issue of convertible preference shares with attaching options was well supported by shareholders with a 65% subscription rate and, with the underwriters' contribution, \$4,597,287 million was raised in total.

Loss for the half year attributed to owners of the parent was \$3,280,041. The company maintained its investments in geothermal energy explorer, Greenearth Energy Ltd, in uranium explorer, Rum Jungle Uranium and in Aviva Corporation. These investments are subject to continuous review.

During the half year 20,465,507 options were exercised at \$0.01.

On 25th November 2009, Directors were issued with a total of 50,000,000 unlisted options to purchase ordinary shares at an exercise price of \$0.01. On 29th November 2009, 20,000,000 options to purchase ordinary shares expired, and on 30th November 2009, a further 20,000,000 options to purchase ordinary shares expired.

Auditor's independence declaration

The auditor's independence declaration is included on page 9 of the half-year financial report.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'John Byrne', with a long horizontal stroke extending to the right.

John Byrne
Director

Melbourne, 25 February 2010

The Board of Directors
Wasabi Energy Limited
Level 9, 175 Collins
Melbourne, VIC 3000

25 February 2010

Dear Board Members

Wasabi Energy Limited

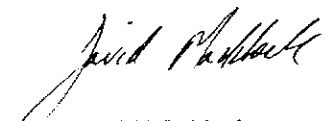
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Wasabi Energy Limited.

As lead audit partner for the review of the financial statements of Wasabi Energy Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely


DELOITTE TOUCHE TOHMATSU


David Maddock
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu

Independent Auditor's Review Report to the members of Wasabi Energy Limited

We have reviewed the accompanying half-year financial report of Wasabi Energy Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2009, and the condensed consolidated statement of comprehensive income, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 12 to 20.

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 an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2009 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 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.


Auditor's Independence Declaration

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

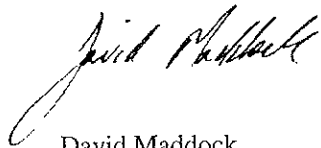
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the 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 consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



David Maddock
Partner
Chartered Accountants
Melbourne, 25 February 2010

Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards, and give a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors



John Byrne
Director

Melbourne, 25 February 2010

**Condensed consolidated statement of comprehensive income
for the half-year ended 31 December 2009**

	Consolidated	
	Half-year ended 31 Dec 2009	Half-year ended 31 Dec 2008 As previously restated
	\$	\$
Continuing operations		
Revenue	361,998	130,940
Cost of sales	(522,391)	-
Gross (loss)/profit	(160,393)	130,940
Gain on dilution of investment	-	544,975
Other revenue	16,044	11,268
Finance income	27,799	279,723
Employee benefits expenses	(1,473,011)	(706,896)
Administration expenses	(540,084)	(175,755)
Depreciation and amortisation expenses	(11,103)	(355)
Travel expenses	(334,890)	(178,436)
Impairment of assets	(409,144)	(14,972,495)
Legal and professional fees	(243,813)	(372,775)
Patent costs	(229,796)	(225,423)
Exchange variation	95,985	-
Fair value gain/(loss) on options	577,899	(537,000)
Finance costs	(148,239)	(269,637)
Loss from equity accounted investees	(637,677)	(12,389)
Loss before tax	(3,470,423)	(16,484,255)
Income tax benefit	-	1,576,296
Loss for the period	(3,470,423)	(14,907,959)
Attributed to:		
Owners of the parent	(3,280,041)	(14,576,387)
Non-controlling interest	(190,382)	(331,572)
	(3,470,423)	(14,907,959)
Other comprehensive income		
Exchange reserve arising on translation of foreign operations	(82,064)	148,834
Gain / (loss) on available for sale reserve	813,233	(1,589,418)
Other comprehensive income for the period	731,169	(1,440,584)
Total comprehensive income for the period	(2,739,254)	(16,348,543)
Total comprehensive loss attributed to:		
Owners of the parent	(2,542,324)	(16,059,060)
Non-controlling interest	(196,930)	(289,483)
	(2,739,254)	(16,348,543)
Earnings per share		
From continuing and discontinued operations:		
Basic and diluted (cents per share)	(0.29)	(1.80)

Notes to the condensed consolidated financial statements are included on pages 17 to 20.

**Condensed consolidated statement of financial position
as at 31 December 2009**

		Consolidated	
		31 Dec 2009	30 June 2009 As previously restated
Note		\$	\$
Current assets			
	Cash and cash equivalents	571,271	891,555
	Trade and other receivables	55,181	1,279,109
	Other financial assets	3,524,127	-
	Non current assets held for sale	3,344,000	-
	Other	-	465,186
	Total current assets	7,494,579	2,635,850
Non-current assets			
	Assets classified as available-for-sale	400,128	2,705,377
3	Investments accounted for using the equity method	1,728,685	4,070,290
	Other financial assets	-	406,058
	Property, plant and equipment	41,964	4,549
	Intangible assets	186,408	216,414
	Total non-current assets	2,357,185	7,402,688
	Total assets	9,851,764	10,038,538
Current liabilities			
	Trade and other payables	1,743,669	1,186,109
4	Borrowings	500,000	2,365,602
	Total current liabilities	2,243,669	3,551,711
Non-current liabilities			
4	Borrowings	1,119,695	-
	Total non-current liabilities	1,119,695	-
	Total liabilities	3,363,364	3,551,711
	Net assets	6,488,400	6,486,827
Equity			
5	Issued capital	33,958,053	29,204,220
	Reserves	1,426,370	2,344,073
	Accumulated losses	(28,773,849)	(25,493,808)
	Total equity attributable to equity holders of the company	6,610,574	6,054,485
	Non controlling interest	(122,174)	432,342
	Total equity	6,488,400	6,486,827

Notes to the condensed consolidated financial statements are included on pages 17 to 20.

**Condensed consolidated statement of changes in equity
for the half-year ended 31 December 2009**

	Consolidated								
	Issued capital and contributed equity	Investments revaluation reserve	Foreign currency translation reserve	Share based payments reserve	Other reserves	Accumulated losses	Attributable to owners of the parent	Non controlling interest	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2008	28,081,038	1,643,041	27,526	1,852,665	-	(12,434,847)	19,169,423	136,557	19,305,980
Movement in available-for-sale investments	-	(1,589,418)	-	-	-	-	(1,589,418)	-	(1,589,418)
Movement in foreign exchange values	-	-	106,745	-	-	-	106,745	42,089	148,834
Loss for the period	-	-	-	-	-	(14,576,387)	(14,576,387)	(331,572)	(14,907,959)
Total comprehensive loss for the period	-	(1,589,418)	106,745	-	-	(14,576,387)	(16,059,060)	(289,483)	(16,348,543)
Issue of shares in subsidiary	-	-	-	-	-	-	-	190,893	190,893
Balance at 31 December 2008	28,081,038	53,643	134,271	1,852,665	-	(27,011,234)	3,110,363	37,967	3,148,330
As previously restated									
Balance at 1 July 2009	29,204,220	357,246	134,162	1,852,665	-	(25,493,808)	6,054,485	432,342	6,486,827
Movements in available-for-sale Investments	-	813,233	-	-	-	-	813,233	-	813,233
Movement in foreign exchange values	-	-	(75,516)	-	-	-	(75,516)	(6,548)	(82,064)
Loss for the period	-	-	-	-	-	(3,280,041)	(3,280,041)	(190,382)	(3,470,423)
Total comprehensive loss for the period	-	813,233	(75,516)	-	-	(3,280,041)	(2,542,324)	(196,930)	(2,739,254)
New issues	4,899,470	-	-	-	-	-	4,899,470	-	4,899,470
Capital raising costs	(145,637)	-	-	-	-	-	(145,637)	-	(145,637)
Recognition of share-based payments	-	-	-	651,710	-	-	651,710	-	651,710
Transfer from share-based Payment reserve	-	-	-	(207,796)	-	-	(207,796)	-	(207,796)
Differences arising on acquisition of further non-controlling interest In Global Geothermal	-	-	-	-	(2,099,334)	-	(2,099,334)	(357,586)	(2,456,920)
Balance at 31 December 2009	33,958,053	1,170,479	58,646	2,296,579	(2,099,334)	(28,773,849)	6,610,574	(122,174)	6,488,400

Notes to the condensed consolidated financial statements are included on pages 17 to 20.

**Condensed consolidated cash flow statement
for the half-year ended 31 December 2009**

	Consolidated	
	Half-year ended 31 Dec 2009	Half-year ended 31 Dec 2008 as previously restated
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,454,759	145,624
Interest and finance costs paid	-	(6,843)
Payments to suppliers and employees	(2,220,515)	(1,815,022)
Sundry income	27,525	-
Net cash used in operating activities	(738,231)	(1,676,241)
Cash flows from investing activities		
Interest received	1,023	17,052
Proceeds from sale of equity investments	118,118	565,142
Payment for increased shareholding in subsidiaries and associates	(2,485,796)	(2,814,086)
Loan repaid by related party	100,000	-
Net cash used in investing activities	(2,266,655)	(2,231,892)
Cash flows from financing activities		
Proceeds from issue of shares	3,329,692	-
Proceeds from borrowings	500,000	-
(Repayment)/proceeds from convertible notes	(905,616)	2,475,000
Capital raising costs	(133,223)	-
Proceeds from issue of shares in subsidiary	-	735,867
Net cash provided by financing activities	2,790,853	3,210,867
Net decrease in cash and cash equivalents	(214,033)	(697,266)
Cash and cash equivalents at the beginning of the period	891,555	783,339
Effect of movement in exchange rates on cash balances	(106,251)	193,918
Cash and cash equivalents at the end of the period	571,271	279,991

Notes to the condensed consolidated financial statements are included on pages 17 to 20.

Notes to condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

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

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2009 annual financial report for the financial year ended 30 June 2009, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group had adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current reporting period.

In addition to the above, the adoption of these new and revised Standards and Interpretations has resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements in the following areas:

- Presentation of the financial statements. As a consequence of the adoption of AASB 101 *Presentation of Financial Statements* (2007) and its associated amending standards, the Group no longer presents an income statement and balance sheet, but presents in lieu thereof, a statement of comprehensive income and a statement of financial position.
- Information about the Group's segments. The adoption of AASB 8 *Operating Segments* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 8* has resulted in both a re-designation of the Group's reportable segments and amended segment disclosures.
- Changes in ownership interests of subsidiaries. AASB 127 *Consolidated and Separate Financial Statements* (2008) has been adopted in the current period and applies prospectively. The revised Standard has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in its subsidiaries. In prior years, in the absence of specific requirements in the Australian Accounting Standards, increases in interest in existing subsidiaries were treated in the same manner as acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under AASB 127(2008), all increases or decreases in such interests are recognised in equity, with no impact on goodwill or profit or loss.

The prior period comparatives have been restated based on revised financial statements for the half year ended 31 December 2008 reissued on 30 May 2009.

2. Segment information

The Group has adopted AASB 8 *Operating Segments and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 8* with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (AASB 114 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed.

In prior years, segment information was reported externally based on geographical segments. However, information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is now currently more specifically focused on 2 key operating segments. The Group's reportable segments under AASB 8 are therefore as follows:

- Geothermal – Generating power from waste thermal energy
- Investment – Investing in strategic listed and unlisted companies.

Information regarding these segments is presented below. Amounts relating to the prior period have also been reported in accordance with AASB 8. The accounting policies of the new reportable segments are the same as the Group's accounting policies.

2. Segment information (continued)

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

	Revenue		Segment loss	
	Half-year ended		Half-year ended	
	31 Dec 2009 \$	31 Dec 2008 \$	31 Dec 2009 \$	31 Dec 2008 \$
Continuing operations				
Investments	-	-	(1,097,155)	(12,922,860)
Geothermal	361,998	130,940	(1,735,591)	(1,972,710)
	361,998	130,940	(2,832,746)	(14,895,570)
Share of losses of associates	-	-	(637,677)	(12,389)
Consolidated segment revenue and loss for the period	361,998	130,940	(3,470,423)	(14,907,959)

The revenue reported above represents the revenue generated from external customers.

Segment loss represents the loss incurred by each segment without the allocation of share of losses of associate, interest revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by reportable operating segment

	Consolidated	
	31 Dec 2009 \$	30 Jun 2009 \$
	Investments	
Geothermal	7,515,854	3,797,075
Total segment assets	607,225	2,171,173
	8,123,079	5,968,248
Unallocated assets	1,728,685	4,070,290
Total assets	9,851,764	10,038,538

3. Investments accounted for using the equity method

Name of entity	Country of incorporation	Principal activity	Ownership interest	
			31 Dec 2009	30 June 2009
			%	%
Associates				
Australian Renewable Fuels	Australia	Biodiesel	24.62 (ii)	13.96
Aqua Guardian Group	Australia	Water conservation	42.10	36.68
Rum Jungle Uranium Ltd	Australia	Uranium exploration	35.20 (i)	35.20

- (i) During the period the company changed its focus to renewable energy and decided to re-evaluate non core assets, reclassifying its investment in Rum Jungle Uranium Limited as a held for sale investment. As at the date of reclassification, the carrying value of the investment was frozen at its equity accounted carrying value of \$3,809,685; with no impairment recorded. As at 31 December 2009, the fair value of the investment has declined, resulting in a loss of \$465,685 being recorded against profit and loss.
- (ii) On 20th July 2010, the Group exercised significant influence over Australian Renewable Fuels (ARF) reclassifying as an equity accounted investment.

	Consolidated	
	31 Dec 2009	30 June 2009
	\$	\$
Reconciliation of movement in investment accounted for using the equity method:		
Balance at start of period	4,070,290	2,640,000
Reclassification as associates	-	3,696,922
Reclassification as held for sale	(3,809,685)	-
Additional investment in associate	2,387,087	400,000
Share of losses	(637,677)	(287,158)
Impairment charge	(281,330)	(2,376,474)
Balance at end of period	<u>1,728,685</u>	<u>4,070,290</u>

Dividends received from associates

No dividends were received during the half year (31 December 2008: Nil) from the associates.

4. Borrowings

	Consolidated	
	31 Dec 2009	30 June 2009
	\$	\$
Loans from:		
Director related entity (unsecured) (i)	500,000	-
Other party (secured) (ii)	1,119,695	-
Convertible notes	-	2,365,602
	<u>1,619,695</u>	<u>2,365,602</u>

- (i) The loan carries an interest rate of 7% per annum and payable on or before 22nd October 2010.
- (ii) The loan is secured over 395,000 ordinary shares in Global Geothermal. The loan is payable on 1 January 2014 and attracts an interest rate of 5% per annum.

Disclosed in the financial statements as:

Current borrowings	500,000	2,365,602
Non-current borrowings	1,119,695	-
	<u>1,619,695</u>	<u>2,365,602</u>

5. Contributed equity	31 Dec 2009	30 June 2009
Ordinary Shares	<i>No .Shares</i>	<i>No. Shares</i>
Fully paid	1,409,087,401	919,140,445
Movement during the half year		
Opening Balance	919,140,445	806,640,445
Movements during the period	489,946,956	112,500,000
	<u>1,409,087,401</u>	<u>919,140,445</u>

During the half year ended 31 December 2009, the company issued 459,728,721 convertible preference shares at \$0.01 (2008 – Nil). On 28th October 2009, all the preference shares on issue were converted to ordinary shares, as they become convertible after the ordinary shares traded above 1.5 cents for fourteen consecutive days. On the same day the company issued 9,752,728 ordinary shares at \$0.01 on account of interest accrued on preference shares.

During the half year 20,465,507 options were exercised at \$0.01.

On 25th November 2009, Directors were issued with a total of 50,000,000 unlisted options to purchase ordinary shares at an exercise price of \$0.01. On 29th November 2009, 20,000,000 options to purchase ordinary shares expired, and on 30th November 2009, a further 20,000,000 options to purchase ordinary shares expired.

6. Change in ownership of subsidiary

During the period, the group increased its shareholding in Global Geothermal Limited from 67% to 94% for a total consideration of \$2,456,920 for non controlling interests of \$357,586. The excess consideration paid over the value of the non controlling interest of \$2,099,334 has been recorded through equity.

7. Subsequent events

- (i) On 13th January 2010, the company announced that it had entered into an agreement with Australian Renewable Fuels Ltd (ASX code: ARW) with regards to potential merger of the two companies. The merger will be dependent on the negotiation of mutually acceptable terms, the completion of an independent experts report and satisfactory due diligence by each party.
- (ii) In January 2010, the company entered into a loan agreement with Australian Renewable Fuels Ltd to lend \$1,000,000 short term loan for a period of one year. Interest is payable at 10% per annum.