

WASABI ENERGY LIMITED
AND ITS CONTROLLED ENTITIES
ABN 24 000 090 997
APPENDIX 4E
PRELIMINARY FINAL REPORT
FINANCIAL YEAR ENDED 30 JUNE 2010

Results For Announcement To The Market

Results				AUD\$
Revenues from ordinary activities	Down	77%	to	756,532
Loss from ordinary activities after tax attributable to members	Down	39%	to	8,029,563
Net loss for the period attributable to members	Down	39%	to	8,029,563

Dividends	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

+Record date for determining entitlements to the dividend,
(in the case of a trust, distribution) *(see item 15.2)*

n/a

WASABI ENERGY LIMITED AND ITS CONTROLLED ENTITIES

COMMENTARY ON RESULTS

REVIEW OF OPERATIONS

Wasabi focused on the development of its three core businesses -- renewable power generation and enhanced industrial energy efficiency, sustainable and secure water supply, and biofuels from renewable resources over the financial year.

The businesses are conducted separately by Wasabi's 95% owned subsidiary, Global Geothermal Ltd (GGL), the holder of global patents and intellectual property covering the Kalina Power Cycle electricity generating process, 50% of AquaGuardian Group Ltd (AGG), a water technology company currently focused on preventing water storage losses through evaporation, and 27% of Australian Renewable Fuels Ltd (ARW), a company with established refining capacity to produce 90 million litres annually of bio-diesel from non-food sources.

Each business uses tested and proven technology and is in the early stages of commercialisation. Wasabi is actively involved in management of the companies and assists in achieving critical business milestones, financing growth of the enterprises and ultimately the delivery of profitable results.

As is normal in the early stages of commercialising innovative and new technologies, the companies are yet to achieve the scale of operations required to generate what we expect will be substantial and sustainable profits. These profits will be gained from having first mover status in businesses that have an ability to deliver commercial clean solutions for industries facing mounting pressure to manage their energy requirements more efficiently and to conserve resources.

For the financial year to 30 June, 2010, Wasabi incurred a net loss of \$8,029,567 under current accounting standards. The loss comprises an approximate \$2.9 million write down of Wasabi's investment in the Kalina Power Cycle, Wasabi's \$1.6 million equity accounted share of losses incurred by AGG and ARW, the parent company's loss of \$752,000 and a \$2.8 million loss on the reclassification of an investment in Rum Jungle Uranium Ltd.

The Rum Jungle loss exceeds the actual cost of the investment but has been adopted to comply with accounting standards. Since the close of the financial year, part of the investment has been sold yielding a surplus over the original cost of the investment.

All three enterprises made significant progress towards building markets in their respective industries. GGL gained greater recognition globally for the superiority of the Kalina Power Cycle in producing electricity, AGG entered into strategic agreements for the manufacture of its AquaArmour™ product, while organizing first sales of the product and ARW continued to build sales of biodiesel from its two Australian refineries.

Investments

Since the close of the Financial Year Wasabi has sold most of its holding in RUM Jungle Uranium. The remainder of the portfolio had a market value of \$2,197,500 at 17 August 2010. These investments are non core holdings and will be realised over time as opportunities arise.

Dividends

There have been no dividends paid or declared since the end of the previous financial year.

**WASABI ENERGY LIMITED
AND ITS CONTROLLED ENTITIES**

**Statement of comprehensive income
for the financial year ended 30 June 2010**

	Note	Consolidated	
		2010 \$	2009 \$
Revenue	2	756,532	2,674,183
Cost of Sales		(627,640)	(506,680)
Gross (loss)/profit		128,892	2,167,503
Gain on dilution of investment		-	(439,624)
Other revenue		78,592	210,540
Finance income		126,992	16,447
Employee benefits expenses		(2,396,406)	(1,433,053)
Administration expenses		(1,245,294)	(663,497)
Depreciation and amortisation expenses		(37,183)	(1,387)
Travel expenses		(687,258)	(366,588)
Impairment of assets		(618,418)	(15,174,495)
Loss on reclassification of investments		(2,926,644)	-
Gain on investments classified as held for sale		1,802,730	-
Legal and professional fees		(518,045)	(740,493)
Patent costs		(303,415)	-
Exchange variation		62,855	(13,185)
Fair value gain/(loss) on options		137,370	(187,277)
Finance costs	3	(270,544)	(302,453)
Loss from equity accounted investees		(1,605,401)	(299,547)
Change in fair value of associate		-	1,575,280
Loss before tax		(8,271,177)	(14,772,581)
Income tax benefit		-	1,661,901
Loss for the year		(8,271,177)	(13,110,680)
Attributed to:			
Owners of the parent		(8,029,563)	(13,058,961)
Non-controlling interest		(241,614)	(51,719)
		(8,271,177)	(13,110,680)
Other comprehensive(loss)/income			
Exchange reserve arising on translation of foreign operations		(284,667)	263,248
Loss on available-for-sale investments taken to equity		(202,860)	(1,285,796)
Other comprehensive income for the period net of tax		(487,527)	(1,022,548)
Total comprehensive (loss)/income for the period		(8,758,704)	(14,133,228)
Total comprehensive profit/(loss) attributable to:			
Owners of the parent		(8,490,726)	(14,238,120)
Non controlling interest		(267,978)	104,892
		(8,758,704)	(14,133,228)
Loss per share			
From continuing and discontinued operations:			
Basic (cents per share)	5	(0.64) cents	(1.59) cents

**WASABI ENERGY LIMITED
AND ITS CONTROLLED ENTITIES**

**Statement of financial position
as at 30 June 2010**

	Note	Consolidated	
		2010 \$	2009 \$
Current assets			
Cash and cash equivalents		226,103	891,555
Trade and other receivables	6	2,962,469	1,279,109
Other financial assets	7	1,954,963	-
Non current assets held for sale	8	2,156,000	-
Other		-	465,186
Total current assets		7,299,535	2,635,850
Non-current assets			
Trade and other receivables		34,412	-
Assets classified as available-for-sale	9	350,701	2,705,377
Investments accounted for using the equity method	10	777,740	4,070,290
Other financial assets		-	406,058
Property, plant and equipment		180,024	4,549
Intangible assets		185,428	216,414
Total non-current assets		1,528,305	7,402,688
Total assets		8,827,840	10,038,538
Current liabilities			
Trade and other payables	11	1,619,510	1,186,109
Borrowings	12	-	2,365,602
Provisions		1,164	-
Total current liabilities		1,620,674	3,551,711
Non-current liabilities			
Borrowings	12	6,493,887	-
Total non-current liabilities		6,493,887	-
Total liabilities		8,114,561	3,551,711
Net assets		713,279	6,486,827
Equity			
Issued capital		34,125,003	29,204,220
Reserves		287,797	2,344,073
Accumulated losses		(33,523,371)	(25,493,808)
Total equity attributable to equity holders of the company		889,429	6,054,485
Non controlling interest		(176,150)	432,342
Total equity		713,279	6,486,827

**WASABI ENERGY LIMITED
AND ITS CONTROLLED ENTITIES**

**Statement of changes in equity
for the financial year ended 30 June 2010**

Consolidated

	Issued capital and contributed equity	Investment 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	1,643,040	27,526	1,852,666	-	(12,434,847)	19,169,423	136,557	19,305,980
Movement in available-for-sale investments	-	(1,285,796)	-	-	-	-	(1,285,796)	-	(1,285,796)
Movement in foreign exchange values	-	-	106,637	-	-	-	106,637	156,611	263,248
Loss for the year	-	-	-	-	-	(13,058,961)	(13,058,961)	(51,719)	(13,110,680)
Total comprehensive (loss) income for the period	-	(1,285,796)	106,637	-	-	(13,058,961)	(14,238,120)	104,892	(14,133,228)
Placement of shares	750,000	-	-	-	-	-	750,000	-	750,000
Exercise of options	375,000	-	-	-	-	-	375,000	-	375,000
Issue of shares in subsidiary	-	-	-	-	-	-	-	190,893	190,893
Share issue costs	(1,818)	-	-	-	-	-	(1,818)	-	(1,818)
Balance at 30 June 2009	29,204,220	357,244	134,163	1,852,666	-	(25,493,808)	6,054,485	432,342	6,486,827
Balance at 1 July 2009	29,204,220	357,244	134,163	1,852,666	-	(25,493,808)	6,054,485	432,342	6,486,827
Loss for the year	-	-	-	-	-	(8,029,563)	(8,029,563)	(241,614)	(8,271,177)
Movement in foreign exchange values	-	-	(258,302)	-	-	-	(258,303)	(26,364)	(284,667)
Revaluation of other financial assets	-	(202,860)	-	-	-	-	(202,860)	-	(202,860)
Total comprehensive loss for the period	-	(202,860)	(258,302)	-	-	(8,029,563)	(8,490,726)	(267,978)	(8,758,740)
Recognition of share-based payments	-	-	-	732,026	-	-	732,026	-	732,026
Transfer from share based payment reserve	-	-	-	(227,806)	-	-	(227,806)	-	(227,806)
Issue of shares	4,710,814	-	-	-	-	-	4,710,814	-	4,710,814
Issue of shares in subsidiary	-	-	-	-	-	-	-	17,072	17,072
Share issue cost	(145,637)	-	-	-	-	-	(145,637)	-	(145,637)
Exercise of options	355,606	-	-	-	-	-	355,606	-	355,606
Difference arising on increased control of subsidiary	-	-	-	-	(2,099,334)	-	(2,099,334)	(357,586)	(2,456,920)
Balance at 30 June 2010	34,125,003	154,384	(124,139)	2,356,886	(2,099,334)	(33,523,371)	889,429	(176,150)	713,279

**WASABI ENERGY LIMITED
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**Cash flow statement
for the financial year ended 30 June 2010**

Note	2010 \$	2009 \$
Cash flows from operating activities		
Receipts from customers	1,795,281	1,595,065
Interest and finance costs paid	(59,335)	(6,851)
Payments to suppliers and employees	(4,689,550)	(2,645,074)
Sundry Income	27,520	-
Income tax paid	-	(124,300)
Net cash used in operating activities	(2,926,084)	(1,181,160)
Cash flows from investing activities		
Interest received	1,201	16,184
Payment for equity investment	-	(2,187,866)
Deposits on investment	-	(333,618)
Payment for plant and equipment	(192,204)	(2,492)
Payment for patent	-	(216,414)
Proceeds from sale of equity investments	118,118	728,611
Loans to related party	(2,800,000)	(100,000)
Payment for deposits	(34,412)	-
Payment for increased shareholding in subsidiaries and associates	(2,485,796)	(1,000,000)
Loan repaid by related party	100,000	-
Net cash used in investing activities	(5,293,093)	(3,095,595)
Cash flows from financing activities		
Proceeds from issue of shares	3,490,234	1,125,000
Proceeds from borrowings	5,225,127	2,475,000
Repayment of borrowings	(905,616)	-
Proceeds from issue of shares in controlled entity	-	735,867
Capital raising costs	(125,637)	(1,818)
Net cash provided by financing activities	7,684,108	4,334,049
Net (decrease) / increase in cash and cash equivalents	(535,069)	57,294
Cash and cash equivalents		
at the beginning of the financial year	891,555	783,239
Effect of movement in exchange rates on cash balances	(130,383)	50,922
Cash and cash equivalents		
at the end of the financial year	226,103	891,555

**WASABI ENERGY LIMITED
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NOTES TO THE PRELIMINARY FINAL REPORT

1. Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the annual financial report at 30 June 2009, and as amended as disclosed in the interim financial report at 31 December 2009.

	2010	2009
	\$	\$
2. Revenue		
Engineering sales	663,141	2,165,921
Equipment sales	93,391	334,131
Royalties	-	174,131
	756,532	2,674,183
3. Finance Costs		
Interest expenses – director related	101,490	-
Interest expense – other	164,054	302,453
Borrowing costs	5,000	-
	270,544	302,453
4. Expenses		
Depreciation of plant and equipment	37,183	1,387
Rental expenses	89,017	42,728
Salaries and wages	1,086,738	716,841

**WASABI ENERGY LIMITED
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NOTES TO THE PRELIMINARY FINAL REPORT

		Consolidated	
		2010	2009
		\$	\$
5. Earnings/(loss) per share			
	The calculation of basic loss per share at 30 June 2010 was based on the loss attributable to ordinary share holders of \$8,029,563 (2009: loss of \$13,058,961)		
	Weighted average number of ordinary shares outstanding during the financial year	1,261,146,992	819,380,181
	Basic (loss) per share	(0.64) cents	(1.59) cents

Potential ordinary shares on issue are not considered dilutive and accordingly, diluted loss per share is the same as basic loss per share.

		Consolidated	
		2010	2009
		\$	\$
6. Trade & other Receivables			
	Current		
	Trade receivables	343	1,167,662
	Other receivables	17,224	111,447
	Goods and services tax recoverable	54,281	-
	Related party receivables	2,890,621	-
		<u>2,962,469</u>	<u>1,279,109</u>

Related party receivables is a short term loan of \$2.8m made to an associate company. The loan carries an interest rate of 10% per annum and is payable within one year.

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NOTES TO THE PRELIMINARY FINAL REPORT

7. Other financial assets: current

Consolidated	
2010	2009
\$	\$

Financial assets carried at fair value through profit or loss (FVTPL)

Held for trading derivatives that are not designated in hedge accounting relationships (i)

	531,093	-
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Held for trading non-derivative financial assets (ii)

	1,423,870	-
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	1,954,963	-
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The fair values of the financial assets were determined as follows:

- (i) The fair value of the share options has been determined using the Black-Scholes option pricing method which include interest rate of 4.47% and discount rate of 25%.
- (ii) The fair value of the share has been determined with reference to quoted market prices.

8. Non-current assets held for sale

Consolidated	
2010	2009
\$	\$
	-
	-
	-

Investments in listed entity (i)

	2,156,000	-
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	2,156,000	-
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- (i) The fair value has been determined with reference to quoted market price
The group intends to dispose its holding in Rum Jungle Uranium in the next 12 months. This investment was previously treated as investment in associate. Subsequent to year end 91 % of the total investment held was sold for gross proceeds \$1.6m.

9. Assets classified as available-for-sale: non-current

Consolidated	
2010	2009
\$	\$
	2,705,377
	350,701
	2,705,377

Investments in listed entity (i)

	350,701	2,705,377
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	350,701	2,705,377
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- (i) The fair value has been determined with reference to quoted market prices

**WASABI ENERGY LIMITED
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10. Investments accounted for using the equity method

	Consolidated	
	2010 \$	2009 \$
Reconciliation of movement in investments accounted for using the equity method:		
Balance at 1 July 2009	4,070,290	6,591,754
Reclassification as asset held for sale	(3,809,685)	-
Additional investment in associate	2,387,087	
Share of losses	(1,605,401)	(299,547)
Impairment charge	(264,551)	(2,363,873)
Balance at 30 June 2010	<u>777,740</u>	<u>4,070,290</u>

Name of entity	Country of incorporation	Principal activity	Ownership interest	
			2010 %	2009 %
Associates				
Aqua Guardian (i)	Australia	Water conservation	42.1	36.7
Rum Jungle Uranium (ii)	Australia	Uranium exploration	35.2	35.2
Australian Renewable Fuels(iii)	Australia	Bio diesel	24.6	14.0

- (i) Based on net assets the fair value of Aqua Guardian is \$159,555 (2009: \$154,290).
- (ii) During the period the company changed its focus to renewable energy and decided to re-evaluate noncore 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 30 June 2010 the fair value of the investment has declined, resulting in a loss of \$1,653,685 being recorded against profit and loss.
- (iii) On 20th July 2009, the Group exercised significant influence over Australian Renewable Fuels reclassifying as an equity accounted investment. The fair value of Australia Renewable Fuels is \$1,705,254. This is based on the price quoted on the Australian Securities Exchange as at 30 June 2010.

11. Trade and other Payables

	Consolidated	
	2010 \$	2009 \$
Trade payables and other payables	1,118,518	395,711
Deferred income	500,992	790,398
	<u>1,619,510</u>	<u>1,186,109</u>

	Consolidated	
	2010 \$	2009 \$
12. Borrowings		
Loan from		
- Other entities – secured	1,162,270	-
- Related parties - unsecured	5,326,617	-
Convertible Notes	-	2,365,602
	<u>6,493,887</u>	<u>2,365,602</u>
Disclosed in the financial statement as:		
Current borrowings	-	2,365,602
Non-current borrowing	6,493,887	-
	<u>6,493,887</u>	<u>2,365,602</u>

**WASABI ENERGY LIMITED
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NOTES TO THE PRELIMINARY FINAL REPORT

13. Segment Reporting

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

	Revenue		Segment loss	
	2010	2009	2010	2009
	\$	\$	\$	\$
Continuing operations				
Investments	-	-	(3,508,985)	(12,403,421)
Geothermal	756,532	2,674,183	(3,156,791)	(407,712)
Total of all Segments	756,532	2,674,183	(6,665,776)	(12,811,133)
Unallocated items				
Share of loss of associate			(1,605,401)	(299,547)
Total loss before tax			(8,271,177)	(13,110,680)
Exchange reserve arising on translation of foreign operations			(284,667)	263,248
Gain / (loss) on available-for-sale investments taken to equity			(202,860)	(1,285,796)
Total comprehensive loss for the period			(8,758,704)	(14,113,228)

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, change in fair value of financial assets classified as fair value through profit or loss, 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.

(ii) Segment assets

	2010	2009
	\$	\$
Investments	7,622,593	3,797,075
Geothermal	427,504	2,171,173
Total segment assets	8,050,100	5,968,248
Unallocated assets	777,740	4,070,290
Total assets	8,827,840	10,038,538

(iii) Segment liabilities

Investments	7,283,353	2,760,773
Geothermal	831,208	790,938
	8,114,561	3,551,711

(iv) Other segment information

	Depreciation and amortization		Additions to non-current assets	
	2010	2009	2010	2009
	\$	\$	\$	\$
Investments	19,276	705	193,807	-
Geothermal	17,907	682	1,566	3,173
	37,183	1,387	195,373	3,173

**WASABI ENERGY LIMITED
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NOTES TO THE PRELIMINARY FINAL REPORT

14. Net Tangible Assets

	Consolidated	
	2010	2009
	\$	\$
Net tangible asset backing per ordinary security	0.04 cents	0.69 cents

15. Compliance Statement

This report is based on accounts that are in the process of being audited.



JOHN BYRNE
DIRECTOR
20 August 2010