ANNUAL REPORT 2018

ReNu ENERGY

ReNu ENERGY

ReNu Energy Limited is an embedded networks energy retailer and a developer, owner and operator of a diversified portfolio of biogas and solar energy generation facilities in Australia. We use proven technologies to construct projects that operate under long term contracts. Our goal is to provide our customers with renewable energy at a lower price, with no upfront costs, whilst also generating sustainable cash flows and creating shareholder value.

OUR PEOPLE

14 EMPLOYEES
5 WOMEN | 9 MEN

5 NATIONALITIES

We aim to be a lower cost energy supplier, delivering renewable energy to our embedded network retail customers and our behind the meter customers under a build, own, operate and maintain model. We provide our customers with environmentally and commercially sustainable energy solutions at a lower price, with no upfront cost.

We are focussed on developing niche to medium scale projects, within four key growth business areas; Bioenergy Power Purchase Agreements, Solar PV Power Purchase Agreements, Solar PV Embedded Networks, and Solar PV Grid Connected Operations.

Our Corporate Values of integrity, innovation, collaboration and sustainability are the foundation of the way in which we conduct our business. We make and execute decisions in line with our business priorities and corporate values.

Our current operations include the Amaroo Solar PV Installation, a 600 kW (DC) solar PV facility in the ACT, 2.2MW (DC) of Solar PV Embedded Network operations across four regional shopping centres, a 1.1MW bioenergy facility in Queensland, and a 1.6MW bioenergy facility in NSW.

Headquartered in Brisbane, Queensland, ReNu Energy's team has strong experience and capability in project initiation, development and management in the renewable energy, utility and infrastructure sectors.

4,840MWh
OF RENEWABLE GENERATION

3,600 tonne
OF CO_2E ABATED

540 homes
= CO_2E EMISSIONS OF 540 HOMES FOR ONE YEAR

771 cars
= 771 CARS OFF THE ROAD FOR ONE YEAR

OUR OPERATIONS

5.45MW

OF GENERATION UNDER MANAGEMENT
(INCREASE OF 4.35MW FROM FY17)

2
BIOGAS

1
SOLAR PV GRID CONNECTED

4
SOLAR PV EMBEDDED NETWORK

28
SOLAR CONNECT RETAIL CUSTOMERS

CONTENTS

OUR SHAREHOLDERS

11,870

ABOUT US

WHAT WE DO

Developer, owner and operator of a diversified portfolio of biogas and solar renewable energy generation projects in Australia

Energy retailer
to Solar PV Embedded Network customers

1MW – 10MW

Initial focus
on niche/medium-scale projects

OUR BOARD & MANAGEMENT

Each member with more than
15 years relevant experience

Backgrounds
in the renewable energy, utility & infrastructure sectors, energy retailing and capital markets

Entrepreneurial culture
of innovation, stretch performance, accountability and zero harm

OUR CURRENT PROJECTS

2.15MW DC
of **Solar PV Embedded Network projects**
located at Griffith & Lismore, NSW, and Mount Gambier & Murray Bridge, SA

2.7MW AC
of **Bioenergy projects**
located at Goulburn, NSW and Beaudesert, Qld

0.6MW DC
of **Grid Connected PV projects**
located at Amaroo, ACT

WAY WE DO IT

FOCUS ON 4 STRATEGIC GROWTH AREAS:

- Bioenergy Power Purchase Agreements
- Solar PV Power Purchase Agreements
- Solar PV Embedded Networks
- Solar PV grid connected operations

Holder of a
Retailer Authorisation
for the National Energy Market

OUR FINANCIAL STRENGTH

A
ASX listed

$14.6 million
total assets
(as at 30/6/18)

Access to further equity
via public capital markets

$265 million
carried forward
tax losses

OUR PIPELINE

Extensive proprietary portfolio
of solar PV and bioenergy project opportunities across all 4 strategic growth areas

Unique opportunities to co-locate solar PV and bioenergy projects

STRATEGIC DIRECTION

WHO WE ARE

WE HAVE INTEGRITY

We are honest, ethical and fair in all our activities. We keep our word and deliver on our promises. We take responsibility, are accountable for our actions and acknowledge our mistakes. In all that we do, we believe that our reputation is more important than any short-term rewards. 'We do what we say'

WE ARE INNOVATIVE

We operate in a dynamic and rapidly changing industry. We believe that in order to stay ahead of the curve we must constantly improve with our customers and society's changing needs. We are open to ideas that challenge conventional views, we tailor applications using proven technology, and encourage innovative solutions while mitigating risk.

WE COLLABORATE

We recognise that we are stronger and more effective as a team than as individuals. We build and maintain positive, cooperative relationships with our colleagues, customers and stakeholders.

WE CREATE SUSTAINABILITY

Through balancing social, economic and environmental aspects of our operations, we strive to achieve sustainable outcomes for customers, shareholders and our environment.

WHERE WE ARE GOING

OUR MISSION

To deliver innovative, clean energy solutions, creating sustainable value for our customers and shareholders.

OUR VISION

We **GENERATE CHANGE** by...

- Developing bespoke energy solutions
- Challenging conventional views
- Delivering sustainable outcomes

OUR PROCESS

Immediate focus on generating positive cash flow by growing our portfolio of renewable energy projects, improving efficiency in the operation of our generating assets and moving quickly to recycle the capital that our shareholders have invested to commercialise our pipeline of opportunities.

HOW WE WILL GET THERE

FOCUS ON GROWTH AREAS

Focusing on projects within our four strategic business growth areas:

1. Bioenergy Power Purchase Agreements;
2. Solar PV Power Purchase Agreements;
3. Solar PV Embedded Networks; and
4. Solar PV Grid Connected Operations

PARTNERING OPPORTUNISTICALLY

We partner with financial investors, project developers and commercial & industrial customers to more rapidly grow our core business and deliver shareholder value.

PROVEN TECHNOLOGIES

We use commercially proven renewable energy technologies.

SELF-GENERATED DEAL FLOW

We utilise proprietary deal flow & take measured development risk, to quickly recycle capital invested and develop the near-term pipeline of opportunities.

ADHERENCE TO VALUES

We make and execute decisions in line with our business priorities and corporate values of integrity, innovation, collaboration and sustainability.

HIGHLIGHTS FY18 – a y

This year we have added 4.35MW of generation to our portfolio and now have 5.45MW of generation under management.

Our key operational and commercial milestones achieved in FY18 include:

2017

September 2017
Enter Sale and Purchase Agreement for the acquisition of 600kW Amaroo Solar PV Project

December 2017
Share Purchase Plan raises $2.2 million

December 2017
Secured loan agreement for $1.4 million to fund acquisition of Amaroo Solar PV Project

February 2018
Completed the acquisition of the 600kW Amaroo grid-connected solar PV project

February 2018
Successful commissioning and commencement of commercial operations of the 1.6MW Goulburn Bioenergy Project

February 2018
Secured a 10 year extension to the existing Bioenergy Power Purchase Agreement for the 1.1MW AJ Bush Bioenergy Project

ear of growth

In FY17 we laid the foundations for growth... in FY18 we achieved growth.

February 2018

Power Purchase Agreement term sheet agreed with AJ Bush for development of an 850kW solar PV project at its Beaudesert rendering facility

March 2018

Completion of Solar PV Embedded Network construction and commencement of electricity supply to shopping centre tenants at Griffin Plaza, Griffith

April 2018

The start of construction of the next two Solar PV Embedded Network sites at Mt Gambier and Murray Bridge

June 2018

Entry into an Alliance Agreement with Resonance Industrial Water Infrastructure Fund Limited (RIWIF) with the intention to jointly develop a $100m bioenergy portfolio:

- Signing of agreement for RIWIF to take a 70% interest in the group's bioenergy assets; and
- Execution of first phase of this transaction, with RIWIF to acquire 70% of the Goulburn Bioenergy Project for consideration of $2.8 million (Settled in July 2018)

June 2018

Awarded a Retailer Authorisation by the Australian Energy Regulator, enabling direct sale of electricity to tenants in all four Solar PV Embedded Network shopping centres currently being developed

2018

CHAIRMAN'S & CEO'S LETTER

Dear Shareholders

2017/18 was a year of growth for ReNu Energy, and it has been pleasing to see the construction and commissioning of our renewable energy assets over the past 12 months. We have added 4.35MW, an increase of 395% of generation to our portfolio which now totals 5.45MW of generation under management. We are now seeking to consolidate on the platform provided by our recent growth and add a significant pipeline of new projects to our portfolio.

Our focus during the past year and moving forward remains the generation of positive cash flow by growing our portfolio of renewable energy projects and improving efficiency in our business. We have been following a path of growth in a disciplined and considered manner, as we review and observe the rapid changes in the energy landscape with respect to Federal & State government policy, pricing and regulatory changes.

DELIVERING OUR STRATEGY

A key strategic target outlined to shareholders last year was our aim to create a portfolio of operational projects capable of producing $2 million EBITDA before corporate overheads on an annual basis. This target was reached in July this year following the commissioning of the Goulburn Bioenergy Asset, the acquisition of the Amaroo Solar Asset in February and the completion of the installation of solar systems at our four embedded network sites in July.

The strategic decision in June to sell a 70% interest in the Company's existing bioenergy business to Resonance Industrial Water Infrastructure Fund Limited (RIWIF) will reduce the Company's share of earnings from its current and future operating bioenergy projects but has immediately released $2.8m of capital through the sale of 70% in the Goulburn Bioenergy Project. While reducing our EBITDA in the short term, the Bioenergy Alliance with RIWIF greatly improves our ability to rapidly expand and diversify our bioenergy project portfolio, whilst ReNu Energy remains the EPC and O&M provider for all assets developed by the alliance.

RIWIF is an investment fund managed by UK based Resonance Asset Management Limited, which is focused on investment in outsourced industrial water treatment, waste to energy and resource recovery infrastructure projects in Europe, Australia, China and South East Asia.

STRATEGIC PARTNERSHIPS

Securing further projects and funding remains critical to the continued successful growth of the Company. The Bioenergy Alliance Agreement with RIWIF provides us with a 70% equity partner in our bioenergy projects and enables us to more vigorously pursue opportunities to provide clean, affordable bioenergy to the agricultural sector. It also uniquely positions ReNu Energy within the Australian renewable energy market to take advantage of opportunities to co-locate utility scale solar PV and bioenergy projects at multiple sites.

Post this reporting period, on 15 October we were pleased to announce the execution of a term sheet to develop an integrated 3.1MW bioenergy and solar PV facility at WAMMCO's Katanning WA abattoir. The integration of bioenergy and solar power generation in a single project is a fantastic example of ReNu Energy's capability and an excellent demonstration of the opportunities to combine both renewable technologies to maximise the benefits for the owners of industrial plants in the agricultural industry.

OPERATIONS

Operationally we are proud of the safe, on time and on budget delivery of the Goulburn Bioenergy Project. The facility was commissioned in February this year, and officially opened at a ceremony in April. Since commissioning we have supplied a little over half of the abattoir's electricity demand, generating approximately 1,927MWh of electricity. ReNu Energy and Southern Meats are both very satisfied with the environmental and commercial performance of the system to date.

During the year we also completed the acquisition of our first solar asset with the purchase of the Amaroo Solar PV installation in Canberra. The 600kW installation which was commissioned in 2015 has a 20-year offtake agreement through an ACT Government Feed-in Tariff scheme.

A significant milestone for the Solar PV Embedded Network business was achieved in June 2018 with the granting of a Retailer Authorisation from the Australian Energy Regulator to our wholly owned subsidiary, ReNu Energy Retail Pty Ltd. The Retail Authorisation represents a significant barrier of entry to new competitors and current businesses operating under retail exemptions. We are now very well positioned to take advantage of the embedded network market and the continuing changing regulatory framework, which we anticipate will move in a direction that will require embedded network operators to hold a Retail Authorisation as exemptions are progressively phased out.

Construction of our solar PV embedded network projects in shopping centres progressed well during the year with installation across the sites completed in August. The first centre to be completed, Griffin Plaza in Griffith, has been operating since March, with 96% of centre tenants electing to sign up to ReNu Energy's Solar Connect retail offering. The commissioning and operation of our other three centres Mount Gambier Marketplace (SA); Murray Bridge Marketplace (SA); and Lismore Plaza (NSW) has been slower than we had anticipated, primarily due to changes in the regulatory process involved with the establishment of embedded networks and delays experienced in the transfer of existing grid connection contracts to ReNu Energy. At the time of writing this letter, only one remaining regulatory approval is required to complete the establishment of the embedded networks at the three shopping centres, and we are working diligently to finalise this process.

REMEDIATION

Finalisation of the remediation of our former geothermal drilling activities in the Cooper Basin remains a key priority for the Board and management. At the start of the 2018 financial year we had four remaining geothermal tenement areas in the Cooper Basin. As at September 2018, ReNu Energy has successfully relinquished three of these tenements, with the last tenement to be relinquished upon completion of the plug and abandonment program on the final two wells, Habanero 3 and Habanero 4. Planning for the final plug and abandonment activities for Habanero 3 and Habanero 4 has continued this year with the South Australian Department of Energy and Mining and independent experts contributing to the final program design. The timing of and final execution of the program will be dependent on the availability of necessary equipment in the Cooper Basin, however we are working towards a date in early 2019.

FINANCIAL RESULTS

The Company and its subsidiaries (collectively the Group) reported a closing cash balance of $1.45 million at the end of FY18. On 17 July 2018, the Group settled the sale of a 70% interest in the Goulbourn Bioenergy Project for a consideration of $2.8 million, the first transaction with RIWIF as part of the sale of our existing bioenergy assets. The group also recorded a 46% increase in revenue totalling $1.31 million, as well as an increase in the value of property plant and equipment of $3.15 million as a result of the completion of the Goulburn Bioenergy Project, the acquisition of the Amaroo Solar PV Assets and the construction of four solar PV embedded network projects.

The Group's EBITDA loss of $4.72 million in FY18 was a 16% improvement from the FY17 result. While disappointing, this is a significant improvement on the previous year, reflecting the introduction of new bioenergy and solar assets during the year and the initial benefits of corporate cost cutting initiatives.

YEAR AHEAD

As we look to FY19 we believe that we are well placed to take advantage of the current bioenergy, solar and retail opportunities in this market. With the recently announced integrated 3.1MW bioenergy and solar PV facility in WA and the AJ Bush Expansion project to progress, together with a growing pipeline of additional project opportunities, our bioenergy team will be busy.

With respect to our project opportunity pipeline, our operational history has allowed us to generate an excellent level of engagement with commercial and industrial (C&I) companies throughout Australia. As a result, the Company is currently reviewing and actively engaged with potential C&I counterparties regarding multiple projects across QLD, NSW, VIC, SA & WA representing in excess of 23MW of biogas to power generation projects, including co-located solar PV, and greater than 50MW of solar PV.

We are positive about the next 12 months and the continued growth of our portfolio. The interest in renewables is not decreasing despite ongoing uncertainty around policy. In parallel with the continued development of our project pipeline, we remain focussed on identifying and advancing funding alternatives to support the development of new projects in the near term.

THANK YOU

We would also like to take this opportunity to thank Chris Murray who stepped down as CEO & Managing Director of the Company in April this year. We wish Chris all the best in his future endeavours.

On behalf of the Board, we also acknowledge and thank you, our shareholders, who continue to support us as we grow to become an even stronger renewable company in FY19.

Steve McLean
Chairman

Craig Ricato
CEO & Managing Director

OPERATIONS REVIEW

2018 has been an eventful and successful operational year for ReNu Energy, growing our portfolio of generation assets under management by 395%. This includes the addition of the Goulburn Bioenergy Facility, the Amaroo Solar PV Installation and the rollout of the four Solar PV Embedded Network Projects, located on the roofs of shopping centres in NSW and South Australia.

The Company's core business strategy is focussed on the growth and development of our four key business areas: Bioenergy Power Purchase Agreements, Solar PV Power Purchase Agreements, Solar PV Embedded Networks, Solar PV grid connected operations.

In particular, the Company's growing bioenergy project pipeline provides unique opportunities to co-locate solar PV and bioenergy projects. A term sheet for the first potential co-located project, the 850kW AJ Bush Solar Project was signed in February 2018 and in early October 2018 a term sheet was signed to develop a 3.1MW integrated bioenergy and solar PV facility at WAMMCO's Katanning abattoir in Western Australia, including 2.5MW of ground mounted Solar PV.

Through the Company's retail authorisation and embedded network experience, we are in a unique position to service the niche shopping centre tenant segment. We provide tenants within shopping centres with the opportunity to share in the benefit of renewable power generated by the solar equipment on their roof and receive reduced power prices through ReNu Energy's negotiated retail tariffs. During the year in review, ReNu Energy commenced installation of Solar PV Embedded Network systems on four shopping centres, with Griffin Plaza in Griffith NSW coming online in March this year and the next three systems operational and awaiting regulatory approvals for the establishment of the embedded network in Q1 FY19.

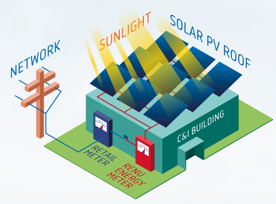
Retail Licence

A critical milestone for the Company's Solar PV Embedded Network business was the granting of a Retailer Authorisation from the Australian Energy Regulator to ReNu Energy's wholly owned subsidiary, ReNu Energy Retail Pty Ltd, in early June.

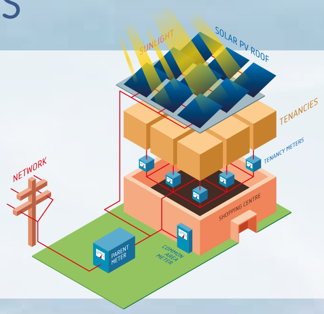
The Retailer Authorisation is required to allow ReNu Energy to offer an electricity retail contract to tenants within our Solar PV Embedded Networks at: Mount Gambier Marketplace (SA); Murray Bridge Marketplace (SA); and Lismore Central (NSW).

Obtaining a Retailer Authorisation is a critical step in the long-term development of the Company's Solar PV Embedded Network business and represents a significant barrier to entry for new competitors seeking to enter into this specialised market.

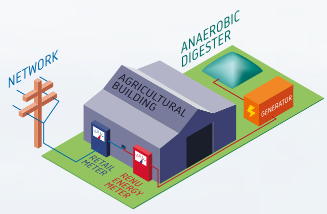
OUR FOUR STRATEGIC GROWTH AREAS



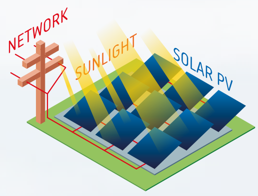
Solar PV Power Purchase Agreements



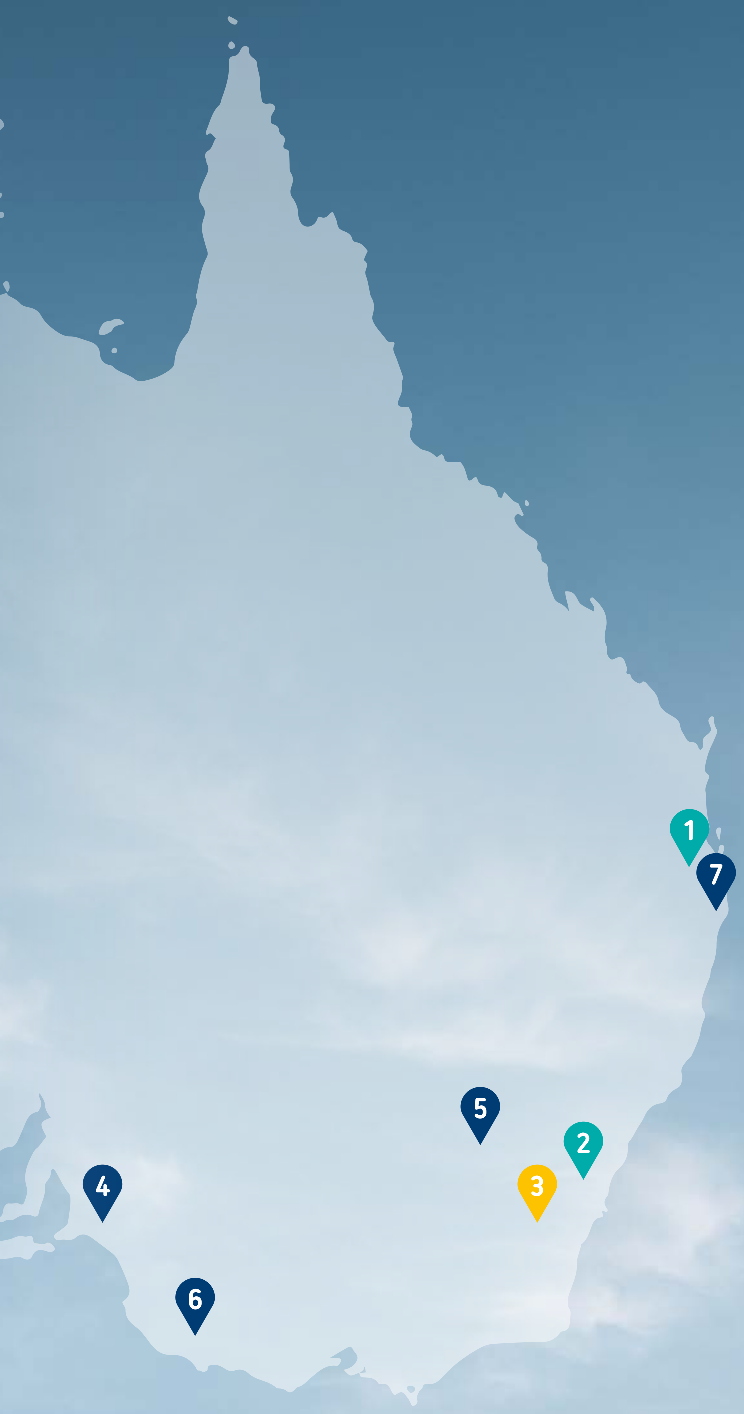
Solar PV embedded networks



Bioenergy power purchase agreement



Solar PV grid connected



RENU'S CORE BUSINESS STRATEGY IS FOCUSSED ON THE GROWTH AND DEVELOPMENT OF OUR FOUR KEY BUSINESS AREAS.

OUR CURRENT OPERATIONS:

1

AJ BUSH BIOENERGY PROJECT

Location	Beaudesert, QLD
Size	1.1MW AC
Expected Generation	3.3GWh by FY19
Commercial Operations	2011

2

GOULBURN BIOENERGY PROJECT

Location	Goulburn, NSW
Size	1.6MW AC
Expected Generation	3,655MWh by FY19
Commercial Operations	February 2018

3

AMAROO SOLAR PV PROJECT

Location	Amaroo, ACT
Size	600kW DC
Expected Generation	896MWh by FY19
Commercial Operations	Commissioned 2015 Acquired Feb 2018

4

MURRAY BRIDGE MARKETPLACE SOLAR PV EMBEDDED NETWORK

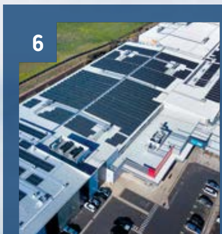
Location	Murray Bridge, SA
Size	980kW DC
Expected Generation	1,540MWh by FY19
Expected start date	Operational July 2018

5

GRIFFIN PLAZA SOLAR PV EMBEDDED NETWORK

Location	Griffith, NSW
Size	360kW DC
Expected Generation	550MWh in FY19
Commercial Operations	February 2018

6



MOUNT GAMBIER MARKETPLACE SOLAR PV EMBEDDED NETWORK

Location	Mount Gambier, SA
Size	630kW DC
Expected Generation	894MWh FY19
Expected start date	Operational July 2018

7

LISMORE SOLAR PV EMBEDDED NETWORK

Location	Lismore, NSW
Size	185kW DC
Expected Generation	302MWh (first 12 months)
Expected start date	August 2018

OPERATIONS REVIEW CONTINUED...

Our Solar Generation Assets

AMAROO SOLAR PV INSTALLATION

In February 2018, ReNu Energy completed the acquisition of its first solar asset, the 600kW (DC) Amaroo Solar PV Installation. Located on the rooftop of the Amaroo School in Canberra, the installation has been operating since 2015 and is underpinned by a twenty-year Feed in Tariff under ACT legislation.

ReNu Energy has drawn on its debt facility with the Infradebt Ethical Infrastructure Debt Fund, to fund $1.39 million of the total purchase price of $2.38 million.

With an expected annual energy output of approximately 896MWh, the Amaroo Solar PV Installation also creates Large Scale Generation Certificates (LGCs). Since September 2017 when ReNu Energy commenced receiving revenues, the solar system has generated over 730MWh of electricity.

Solar PV Embedded Networks

ReNu Energy's Solar PV Embedded Network business is an integral part of the Company's growth strategy. In 2017 ReNu Energy announced that it would construct solar PV and embedded network systems on four shopping centres belonging to the SCA Property Group Limited: Griffin Plaza (NSW); Mount Gambier Marketplace (SA); Murray Bridge Marketplace (SA); and Lismore Central (NSW).

The solar systems and the embedded networks will be owned and operated by ReNu Energy for an initial period of 10 years, after which ReNu Energy has an additional three, five-year options (potentially up to 25 years in aggregate).

Tenants of the shopping centres have the option of signing up to ReNu Energy's Solar Connect retail offer, giving them access to the renewable energy generated at the shopping centre as well as cheaper mains power through the negotiated tariffs that ReNu Energy has signed.

GRIFFIN PLAZA – GRIFFITH, NSW

The Griffin Plaza Solar PV Embedded Network was the first of the four projects to be completed and has been operating since the beginning of March 2018 with over 150MWh of electricity generated and used by the tenants in the centre. Approximately 96% of centre tenants have elected to sign up to ReNu Energy's Solar Connect retail offering, indicating that the Solar Connect plan is an attractive and competitive offering.

MURRAY BRIDGE MARKETPLACE AND MOUNT GAMBIER MARKETPLACE, SA

The Murray Bridge Marketplace solar installation comprising of 2,888 solar panels, totalling 980kW (DC) was completed in July 2018, with the system tied into the shopping centre, and power being supplied to the common areas in August. The completion of the embedded network is awaiting regulatory approvals from the Australian Energy Regulator (AER).

The installation of a 630kW (DC) solar PV system at Mt Gambier Marketplace was also completed in July 2018. The system has also been successfully commissioned and tied into the common area with supply to the area commencing in August. As with Murray Bridge, AER approvals are also pending for the installation of the embedded network.

On receipt of approval of the embedded network, ReNu Energy will commence retailing to the tenants that have elected to sign up to the Solar Connect retail offering. The two shopping centres combined have approximately 95 tenancies and potential customers.

LISMORE CENTRAL, LISMORE, NSW

Installation of the 180kW (DC) Solar PV Embedded Network at Lismore Central was completed in August 2018. ReNu Energy has upgraded the switchboard to enable a tie-in of the solar panels to the centre's network, and embedded network approvals are pending from the AER.

BIOENERGY – OPERATIONS REVIEW

ReNu Energy is one of Australia's leading bioenergy companies, recognised for our capabilities – as a developer, an owner and an operator of bioenergy projects.

In FY18 the key priority of the bioenergy business was the successful project delivery of the Goulburn Bioenergy Facility. This long awaited and significant milestone was achieved in February this year with the commencement of commercial operations, and officially recognised in April with a ribbon cutting ceremony.

In late April the bioenergy business received another major boost with the announcement of an alliance agreement with Resonance Industrial Water Infrastructure Fund Limited (RIWIF). The basis of the agreement is to jointly develop a A$100 million bioenergy portfolio (30% ReNu Energy, 70% RIWIF basis) over the next four years (Bioenergy Alliance).

The introduction of a 70% equity partner will allow ReNu Energy to expedite its commitment to develop new projects, build our portfolio of assets and take a leading position in the bioenergy industry in the Asia Pacific region.

This validates the strong potential and value which we see in the Australian and New Zealand bioenergy market. The transaction will enable ReNu Energy to retain and capitalise on our expertise to further develop, construct, manage, operate and maintain bioenergy projects, whilst freeing up capital for investment in our growing portfolio of renewable energy projects.

Post the period in review, in July, ReNu Energy and RIWIF completed the first transaction under the new alliance, with RIWIF acquiring 70% equity stake in the Goulburn Bioenergy Facility for a cash consideration of $2.8 million. ReNu Energy will continue to provide operation and maintenance (O&M) services for the Goulburn Bioenergy Facility under a long-term O&M Services Agreement with the Bioenergy Alliance.

At the time of writing, due diligence for RIWIF's investment in the existing AJ Bush Bioenergy Project, together with the Bioenergy Alliance investment in the AJ Bush 'G4' Bioenergy Expansion Project was progressing well. An agreement is anticipated in Q2 of FY19.

On 15 October 2018, ReNu Energy announced the execution of a term sheet with Western Australian Meat Marketing Co-operative Limited (WAMMCO) to develop an integrated 3.1MW bioenergy and solar PV facility at WAMMCO's Katanning abattoir in Western Australia. The project will include the construction of the first covered anaerobic lagoon on the site and the installation of an integrated electricity generation system which will include a 600kW biogas engine and 2.5MW of ground-mounted solar PV. The project will be commercially supported by a 20-year PPA between the parties.

Over the coming months ReNu Energy will work closely with the WAMMCO WA site team to undertake the necessary site technical due diligence studies, prepare the front-end engineering & design and finalise binding contracts.

Goulburn Bioenergy Facility

The Goulbourn Bioenergy Project (Facility) located at the site of the Southern Meats abattoir in Goulburn started construction in June 2017 and commenced commercial operation on 5 February 2018.

The project included the construction of an anaerobic digester, which is supplied with waste water from the abattoir, installation of a biogas treatment plant, 1.6MW AC of generation (two 800 kW dual fuel Caterpillar generators) and electrical interconnection to the abattoir.

The Facility supplies power to the abattoir under a 20 year Power Purchase Agreement (PPA), managing the generation so that the demand during peak times of the daily billing cycle is met to reduce the abattoir's overall power bill. To meet this peak demand, the engines are operated on dual fuel, blending biogas with natural gas. Dual fuel blending is an innovative application in the field of bioenergy. It enables projects to better meet the demand cycles of customers and enhances project viability through the addition of natural gas to supplement the biogas produced on site.

Since commencement of operation in February, the Facility has delivered 1,927MWh to the abattoir covering in excess of 50% of Southern Meat's power needs and has abated 3,524tCO_2e.

AJ Bush Bioenergy G4 Project

ReNu Energy has been working with its long-term customer AJ Bush & Sons (Manufactures) Pty Ltd (AJ Bush) to optimise and expand on their existing anaerobic digestion facility. Last year we reported on the upgrade to generation equipment to ensure increased reliability and performance, and in March this year we announced the signing of a term sheet to carry out upgrades to the existing covered anaerobic lagoons (CAL) and the addition of a new fourth CAL, 'G4'.

The AJ Bush G4 Expansion Project will include the construction of a new covered anaerobic lagoon to further treat the effluent, maximising the methane production potential, and upgrades to the existing three lagoons owned by AJ Bush. It is anticipated that the upgrade and addition will increase the facility's biogas production by 42%.

The G4 Project will be constructed under a Build Own Operate Transfer (BOOT) model, whereby ReNu Energy (on behalf of the ReNu Energy / RIWIF Alliance) designs, constructs and commissions the Project, transferring ownership to the customer at the end of the 10 year term. The customer will pay for the biogas produced from the new covered anaerobic lagoon via a fixed monthly charge over the 10-years. The biogas generated will displace approximately 4,500 tons of coal which is currently being used to heat the rendering plant's boilers.

At the time of writing, the Bioenergy Alliance was undertaking preliminary project scoping works, including front end engineering and design.

Goulburn Bioenergy Facility Ribbon Cutting

An official project opening and ribbon cutting event was held in April, acknowledging the support and contribution that was received during construction from local Council, contractors, Southern Meats and Australian Renewable Energy Agency (ARENA). ARENA's grant funding contribution under the Advancing Renewables Program was pivotal in the success of this project. Through this grant ReNu Energy has been able to demonstrate the successful implementation of this technology, significantly lifting the profile of anaerobic digestion bioenergy projects in the Australian meat and rendering industry.

ReNu Energy acknowledges the support it has received, and the critical role ARENA plays in assisting businesses to successfully demonstrate and commercialise emerging renewable energy technologies.

Year Ahead

During FY19 ReNu Energy's highest priority will be securing and delivering new projects, such as AJ Bush G4 and WAMMCO Katanning, as well as the final commissioning of the solar PV embedded network projects. During the first quarter of FY19, work has continued to position the Company for opportunities to expand and build scale to its operations within its four key target areas:

- Bioenergy Power & Gas Purchase Agreements
- Solar PV Power Purchase Agreements
- Solar PV Embedded Networks
- Solar PV Grid Connected Operations

With the existing operations in biogas production for power & heating, solar PV generation and embedded network establishment and retailing, the Company has been able to develop strong industry relationships and a significant pipeline of future near-term opportunities.

The Company's current opportunity pipeline includes customised renewable energy solutions for counterparties on either a single site basis or on a multi-site portfolio basis. The priority for FY19 is the conversion of this pipeline of opportunities to committed projects. The current bioenergy pipeline has in excess of 23MW of biogas-to-power generation projects, including several co-located solar PV installations. A further 50MW of solar PV installations across QLD, NSW, VIC, SA & WA have been tendered for or are in preliminary evaluation. The expansion of the existing embedded network portfolio will also be a priority, with several further opportunities in this area currently being evaluated.

Geothermal Remediation

To date ReNu Energy has successfully remediated four geothermal wells and relinquished 12 geothermal exploration tenements in South Australia, with surface and well remediation programs for all other water bores and operational areas in the Cooper Basin completed in 2017. Where possible, water bore assets were transferred to the local community and businesses, including the Innamincka Station and Innamincka Progress Association. The transfer of a further water bore and dam to the Department of Transport, Infrastructure and Local Government, is currently underway.

As at 30 June 2018, there were four tenements remaining, three of which have had all their remediation activities completed. The fourth tenement, GRL 3, has some minor surface remediation outstanding, which will be undertaken once the final plug and abandonment activities on geothermal wells Habanero 3 and Habanero 4 are completed.

Post the period in review, ReNu Energy submitted surrender applications for the three remediated Cooper Basin tenements and these applications for surrender were granted in August.

Following the monitoring period of Habanero 3 and Habanero 4, we are now finalising the plug and abandonment operations. Subject to regulatory and joint venture partner approval of work plans, obtaining the necessary permits and availability of required equipment, it is planned to execute the remediation program as soon as possible and surrender the last Cooper Basin tenement.

ReNu Energy currently holds a provision for the finalisation of this remediation work of $1.1 million, net of joint venture partner contributions and expected R&D tax rebates.

HEALTH, SAFETY & OUR ENVIRONMENT

Our Health and Safety

The safety of our staff, contractors and visitors is our top priority. Our goal is zero injuries in all our operation. Over the course of the year ReNu Energy had three active solar installation sites as well as the AJ Bush Power Generation site and the Goulburn Bioenergy Project site. We are pleased to report that for the twelve months to June 2018, we recorded zero lost time injuries and zero medical treatment injuries across all our operations and sites.

As our projects move from construction to operation safety at our sites becomes no less important. In preparation for this our health and safety system and procedures were third party audited during the year, with any recommendations for improvement implemented. Along with the system audit, a training needs analysis was conducted to identify areas for training, to ensure personnel are across all the requirements and changes to the Workplace Health and Safety Legislation across all states.

Our Environment

At the core of our business is environmental sustainability. This is not confined to the sustainable contributions our projects make in achieving better environmental outcomes for our customers, but also how we go about our operations, in a manner that minimises our environmental footprint.

During construction of our projects we implement strategies to minimise pollution, manage waste effectively, use water and energy efficiently and address relevant cultural, heritage and biodiversity issues. These areas are covered in our projects Environmental Management Plan. In FY18 we are pleased to report that we incurred no reportable environmental incidents across our operations.

Copies of our Health and Safety Policy and Environmental Policy can be found on our website.

Nothing is so important, that it cannot be done safely.

30,480

Worker hours

0 LTI

(Lost Time Injury)

Environmental outcomes

CO_2

3,600 tonne

OF CO_2E ABATED

540 homes

= CO_2E EMISSIONS OF 540 HOMES FOR ONE YEAR

771 cars

= 771 CARS OFF THE ROAD FOR ONE YEAR

RENU ENERGY LIMITED ABN: 55 095 006 090

FINANCIAL REPORT 2018

CONTENTS

APPENDIX 4E

PRELIMINARY FINAL REPORT
FINANCIAL YEAR ENDED 30 JUNE 2018
RENU ENERGY LIMITED ABN 55 095 006 090

Results for announcement to the market

RESULTS	FY18 $'000	FY17 $'000	CHANGE $'000	CHANGE %
Revenues from ordinary activities	1,312	896	416	46%
Loss from ordinary activities after tax attributable to members	(5,223)	(6,707)	1,484	22%
Net loss for the period attributable to members	(5,223)	(6,703)	1,480	22%

DIVIDENDS

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

BRIEF EXPLANATION OF ANY OF THE FIGURES REPORTED ABOVE:

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

The commencement of operations at new bioenergy and solar projects during the year, together with a $1 million impairment charge recognised in the prior year, has contributed to the improved result, which also reflects the ongoing focus on corporate cost reductions.

Please refer to the attached Directors' Report for a full commentary on the results for the period and refer to the 2018 Financial Report for the detailed financial statements and explanatory notes to the accounts.

NTA BACKING	FY18	FY17
Net tangible asset backing per ordinary security	$0.010	$0.016

COMPLIANCE STATEMENT

This report is based on accounts which have been audited.

DAMIAN GALVIN
Company Secretary
30 August 2018

DIRECTORS' REPORT

Director Profiles

Your Directors submit their report for the period ended 30 June 2018. The names and details of the Directors of ReNu Energy Limited in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

NAME & QUALIFICATIONS	EXPERIENCE
STEVE MCLEAN *B.Economics* Non-executive Chairman	Steve McLean has over twenty years' experience in investment banking and equity capital markets. He commenced his career with Ernst & Young Corporate Finance, before working with J.P. Morgan in Australia and Europe. He has led equity transactions which have raised over $50 billion. Mr McLean is also a Non-Executive Director of ASX Listed Litigation Capital Management Ltd. Mr McLean is the Chair of the Company's Remuneration and Nominations Committee and has been a Director of the Company since March 2017.
CRAIG RICATO *LLB (First Class Honours), BCom, GDipLP* CEO and Managing Director *(Appointed 6 July 2018)*	Mr Craig Ricato was appointed Acting CEO in April 2018 and was formally appointed as CEO & Managing Director of ReNu Energy Limited in July 2018. Craig has over seventeen years' international experience with listed (ASX and SGX) and private companies in senior executive and director roles across the energy, construction, resource and professional services industries. Craig is a long-time member of the Australian Institute of Company Directors and holds a Bachelor of Laws (1st class honours) from the Queensland University of Technology and a Bachelor of Commerce from the University of Queensland. Craig is currently the non-executive Chairman and a member of the Audit Committee of private Australian construction services company, DB Group Global Pty Ltd, and a non-executive director of Greater Outcomes Pty Ltd, an Australian company supporting the development of social enterprise start-up businesses and impact investment. He has previously held CEO, executive director and non-executive director roles in a number of listed companies, where he also gained experience as a member on Audit & Risk Committees. Prior to his career in corporate roles, Craig was in private practice as a solicitor specialising in construction law and litigation law, following an early career in law enforcement.
ANTON ROHNER *B.Bus, CPA* Non-executive Director	Mr Rohner currently holds the position of Chief Executive Officer for UPC Renewables Australia, and has over twenty years' experience in management, development and finance in the renewable energy and resources sectors. For over five years, he held CFO roles for ASX200 listed companies. Mr Rohner was Managing Director for Renewable Energy and Utilities at Macquarie Bank in Hong Kong where he was responsible for advising and securing developments in renewable energy and utilities across Asia and Africa. He was also Managing Director, Asia, for Roaring 40s, a partnership between China Light & Power and Hydro Tasmania, to develop and operate sources of renewable energy throughout Asia and Australia. This partnership developed and financially closed over 2000MW of wind projects in Asia and Australia. Mr Rohner is the Chair of the Company's Audit and Risk Management Committee and has been a Director of the Company since March 2017.
RICHARD BRIMBLECOMBE *MBA & MAICD* Non-executive Director	Mr Brimblecombe is an experienced executive in the agri-business and finance sectors, with a deep industry knowledge of agribusiness, renewable energy and financial services. Mr Brimblecombe has experience in operation of agri-business gained through senior leadership roles at Namoi Cotton, Australia's leading cotton processing and marketing organisation, and as General Manager for Qld / NT for Landmark Services, a leading rural services business. Mr Brimblecombe has also served in senior executive roles in the finance industry, specialising in lending to the rural sector, including as Head of Specialised Agribusiness Solutions (Qld/NT) for Commonwealth Bank of Australia and currently as Chief Executive Officer of StockCo (Australia) Pty Ltd, Australia's and New Zealand's largest specialist livestock financier. Mr Brimblecombe's experience in the renewable energy sectors has been developed through roles as Managing Director and subsequently Executive Chairman of Quantum Power Limited. Mr Brimblecombe holds an Executive MBA from Bond University and is a Member of the Australian Institute of Company Directors. Mr Brimblecombe is a member of the Company's Remuneration and Nominations Committee and Audit and Risk Management Committee and has been a director of the Company since September 2015. The Company notes that, due to his previous role as Managing Director of Quantum Power, Mr Brimblecombe is not considered by the ASX Corporate Governance Principles to be independent.

RESIGNED DIRECTOR

CHRISTOPHER MURRAY *BE (Hons), MEAust, GAICD, AMP* Managing Director & CEO *(Resigned 28 March 2018)*	With over 30 years' experience, Mr Murray's expertise includes strategy, business development, research, finance and operations. He holds an honours degree in Mechanical Engineering from the University of New South Wales, is a graduate member of the Australian Institute of Company Directors, a graduate of the Harvard Business School, a member of Engineers Australia and a member of the Board of the Leukaemia Foundation of Australia. Mr Murray resigned on 28 March 2018.

Company Secretary

DAMIAN GALVIN
B.Bus (Acc), CA

Damian joined ReNu Energy as Chief Financial Officer and Company Secretary in August 2017. Damian is a Chartered Accountant with over 25 years of experience in the management of all aspects of the financial and corporate affairs of fast-growing companies in the energy and resources sector in Australia and overseas.

A former Chief Financial Officer and Company Secretary of coal seam gas pioneer, Queensland Gas Company Limited, Damian headed QGC's corporate function for five years from 2001, as the company grew from a junior CSG explorer to a significant gas producer.

Damian subsequently guided WestSide Corporation Ltd through an IPO in 2006 as Chief Financial Officer and continued to lead the finance and corporate functions through the acquisition of a controlling interest in the Dawson CSG fields in 2010 through until after its takeover and subsequent de-listing in 2014.

He gained his initial financial and commercial experience with Price Waterhouse and Premier Oil Plc and more recently was Chief Financial Officer of White Energy.

Corporate structure

ReNu Energy Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is Level 1, 9 Gardner Close, Milton QLD 4064.

The Directors present this financial report on ReNu Energy Limited (the Company) and its subsidiaries (collectively the Group) for the financial year ended 30 June 2018.

Principal activities

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

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

ReNu Energy's portfolio includes a 600 kW (DC) solar PV project in the ACT; a 1.6 MW bioenergy project at Goulburn, NSW; a 1.1 MW bioenergy project in Queensland; and a 360 kW (DC) solar PV embedded network at a shopping centre in Griffith, NSW. A further three shopping centre embedded networks are expected to be completed in the first quarter of FY19 adding another 1.8 MW (DC) of capacity. The Company has a pipeline of new project opportunities which it is working to bring to commercial close.

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

Significant changes in the state of affairs

Significant changes in the state of affairs of the Company during the financial period were as follows:

- The addition of 2.56 MW of generation capacity through the commissioning, construction and acquisition of new bioenergy and solar PV projects; and
- Entry into an alliance agreement with the intention to jointly develop a $100m bioenergy portfolio, including agreement to sell a 70% interest in the group's bioenergy assets.

There were no other significant changes in the state of affairs of the Company during the financial period.

Review and results of operations

The Company realised a loss before tax for the financial period as set out below:

	2018 $000	2017 $000
EBITDA – by business segment		
Bioenergy	(121)	(1,489)
Solar, including start-up and business development costs	(1,437)	(106)
Geothermal	(125)	(418)
Corporate	(3,042)	(3,588)
Total Group EBITDA	**(4,725)**	**(5,601)**
Depreciation and impairment	(328)	(1,102)
Borrowing transaction costs	(95)	-
Interest expense	(38)	(4)
Income tax expense	(37)	-
Loss after tax	**(5,223)**	**(6,707)**

RESULTS

The Group's EBITDA loss of $4,725,000 (2017: $5,601,000) for the financial year was a significant improvement on the previous year, reflecting the introduction of new bioenergy and solar assets during the year and the initial benefits of corporate cost cutting initiatives.

The Group's Bioenergy operations almost broke even on an EBITDA basis, with the addition of the new Goulburn Bioenergy Project to the portfolio in February delivering additional revenues. The AJ Bush Bioenergy Project experienced increased generation from the new generator installed in February 2017. The Group's result also benefited from the completion of the legacy bioenergy rectification program during the year.

The new solar PV projects at Amaroo and Griffith commenced generation in February and March respectively, and both have made positive contributions to the Group's EBITDA during the part of the year that they were operating. Three additional shopping centre solar embedded networks will be commissioned by September 2018, providing additional income over the higher-yielding summer months. The Group invested considerable resources during the year in pursuing new solar opportunities and establishing its solar PV embedded network business. The awarding of a Retailer Authorisation to ReNu Energy Retail Pty Ltd now provides the Group with the ability to expand its embedded network business.

OPERATIONAL REVIEW

During the year ended 30 June 2018, ReNu Energy has made substantial progress in its transformation to deliver clean energy products and services, bringing 2.56 MW of generation capacity online, with an additional 1.8 MW nearing commissioning. By the end of September 2018, the Company will have 5.45MW of capacity under management, with a pipeline of new opportunities providing further significant growth prospects.

Significant achievements during the year included:

- Commissioning of the 1.6 MW Goulburn Bioenergy Project in February 2018 at a cost of $6.1 million, partly funded with a $2.1 million ARENA grant;
- The acquisition of the 0.6 MW (DC) Amaroo solar PV assets in February 2018 at a cost of $2.4 million, partly funded through a $1.4 million debt facility;
- The construction and commissioning of ReNu Energy's first solar PV embedded network at a shopping centre in Griffith NSW in March 2018 and substantial completion of a further three centres which are due to be commissioned in Q1 FY19;
- Secured a 10 year extension to the existing Power Purchase Agreement for the 1.1MW AJ Bush Bioenergy Project;
- Was awarded a Retailer Authorisation by the Australian Energy Regulator, enabling direct sale of electricity to tenants in the four solar PV embedded network shopping centres;
- Entry into an alliance agreement with Resonance Industrial Water Infrastructure Fund Limited (RIWIF) with the intention to jointly develop a $100m bioenergy portfolio. RIWIF agreed to take a 70% interest in the group's bioenergy assets, with the first transaction, the acquisition of a 70% interest in the Goulburn Bioenergy Project for consideration of $2.8 million completing in July 2018;
- The development of a strong pipeline of new bioenergy and solar project opportunities; and
- The raising of $2.3 million from shareholders through a Share Purchase Plan in December 2017, and a further $1.27 million from an Entitlement Issue subsequent to the period end in July 2018.

With the new projects contributing to production, the Group generated and sold 4.8 Gigawatt hours (GWh) of electricity sourced from its renewable solar or bioenergy assets in FY18, a significant increase on the 1.8 GWh generated in FY17.

Likely developments and expected results

ReNu Energy expects to build on its existing portfolio of renewable energy assets, with three new shopping centre solar PV embedded networks due to be commissioned in the first quarter of FY19. This portfolio of assets is expected to generate up to 10 GWh of renewable electricity per year.

The Company is actively pursuing opportunities for several new solar PV and bioenergy projects to add to its portfolio. The new bioenergy alliance with RIWIF, who have a first right of refusal to fund 70% of the capital required in all new bioenergy projects, is expected to provide access to several new bioenergy projects which would otherwise have been difficult for the Company to fund from its balance sheet.

The Company's plans for a growing asset portfolio, necessary to generate income to cover its fixed cost base, will be impacted by access to funding and ongoing volatility in the energy markets. Future regulatory changes affecting renewable energy generation and retailing may influence future profitability.

Capital management will remain a key focus, with continuing efforts to deliver a reduction in corporate overheads while investing in business development activities. Funding for new projects will be required, and this is expected to be obtained from a combination of debt and equity funding from various sources such as new and existing financiers, alliance partners, new investors and existing shareholders.

Dividend

No dividends were declared or paid during the year ending 30 June 2018.

The Directors do not propose to recommend the payment of a dividend in respect of the period ended 30 June 2018.

Directors' interests in the Shares and Options of the Company

As at the date of this report, the interests of the Directors in the shares of ReNu Energy Limited were:

DIRECTOR	FULLY PAID ORDINARY SHARES
S. McLean	-
C. Ricato	-
R. Brimblecombe	29,026,313
A. Rohner	-

Significant events after the balance date

ISSUE OF SHARES

On 27 July 2018, the Company issued 106,113,451 new ordinary shares pursuant to an entitlements issue, raising $1,273,361.

SALE OF SUBSIDIARY

On 17 July 2018, the Group settled the sale of a 70% interest in its wholly-owned subsidiary RE Holding Company One Pty Ltd and units in the RE Holding Trust One for $2,800,000. No material gain or loss on sale is expected to result from the transaction.

APPOINTMENT OF MANAGING DIRECTOR

On 6 July 2018, Mr C. Ricato was appointed as Managing Director and CEO of the Company. The Company has agreed to issue to Mr Ricato (subject to shareholder approval), three tranches of 28.85 million shares pursuant to the Loan Share Plan (Plan Shares), with each tranche having an earliest vesting date of 6 July 2019 and the Company's share price having achieved a 20-trading day volume weighted average price (VWAP) in excess of $0.02, $0.04 and $0.05 for each of the three tranches respectively. Unvested shares vest upon a change of control of the Company.

If the grant of Plan Shares is approved by shareholders, the shares will be issued at an issue price calculated over a 30-day trading period ending on the date immediately prior to the issue date and Mr Ricato will be provided with an interest-free, non-recourse loan for the value of the shares.

WAIVER OF BORROWING COVENANTS

Subsequent to the end of the period, the Group received confirmation of a waiver of a borrowing covenant for a loan outstanding at the balance date. If this waiver had been granted prior to the balance date, then $1,186,000 disclosed as a current borrowing in the Consolidated Statement of Financial Position would have been disclosed as a non-current borrowing.

There has not arisen between 30 June 2018 and the date of this report any other item, transaction or event of a relevant and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations.

Environmental regulations and performance

As a renewable energy generator, environmental sustainability is at the heart of every activity ReNu Energy undertakes.

The Group is required to carry out its activities in accordance with the relevant laws and regulations. The Group will continue to meet its obligations for the final remediation of the Cooper Basin wells and is committed to minimising the impact of its activities on the natural landscape, waterways, flora and fauna in a manner consistent with environmental best practice standards.

Indemnification and insurance of Directors and officers

During the financial year, the Company paid premiums in respect of contracts insuring Directors, Secretaries, and executive officers of the Group and related entities against liabilities incurred as Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001, subject to the terms, conditions, limitations and exclusions of the policy. Under the terms of the policy, the Group is precluded from disclosing details of premiums paid.

The Company has entered into deeds of indemnity, insurance and access with each person who is, or has been, a Director of the Company. To the extent permitted by law and subject to the restrictions in s199A of the Corporations Act 2001, the Company must continually indemnify each Director against liability (including liability for costs and expenses) for an act or omission in the capacity as Director, subject to certain exclusions. No payment has been made to indemnify a Director during or since the end of the financial year.

Indemnification of auditors

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

Rounding

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

Share Options

SHARE APPRECIATION RIGHTS

As at 30 June 2018 and as at the date of signing this report, there are no share appreciation rights on issue. No ordinary shares of the Company have been issued during or since the end of the financial year ended 30 June 2018 on the exercise of share appreciation rights.

There are no options granted over unissued shares.

Directors' meetings

During the period, there were nine directors' meetings held. The number of directors' meetings and the number of meetings attended by each of the Directors of the Company during the financial period are as follows:

	DIRECTORS' MEETINGS		AUDIT & RISK MANAGEMENT COMMITTEE MEETINGS		REMUNERATION & NOMINATIONS COMMITTEE MEETINGS	
	A	H	A	H	A	H
S. McLean	9	9	-	-	1	1
C. Murray	7	7	-	-	-	-
R. Brimblecombe	9	9	4	4	1	1
A. Rohner	9	9	4	4	-	-

A - Number of meetings attended. H - Number of meetings held whilst in office.

Committee memberships as at 30 June 2018 and as at the date of this report are:

Audit & Risk Management Committee – Membership comprises two Non-executive Directors being Messrs Rohner (Chair) and Brimblecombe.

Remuneration & Nominations Committee – Membership comprises two Non-executive Directors being Messrs McLean (Chair) and Brimblecombe.

Auditor independence

In accordance with section 307C of the Corporations Act 2001, the Directors received a declaration of independence from the auditor of ReNu Energy Limited which is listed immediately after this report and forms part of this Directors' Report and can be found on page 31.

Non-audit services

The Company may decide to employ the auditor on assignments in addition to their statutory audit duties, where the auditor's expertise and experience with the Company and/or the Group are important.

Details of amounts paid or payable to the auditor (BDO Audit Pty Ltd and previously Ernst & Young) for audit and non-audit services provided during the year are set out in note 18 to the Financial Statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

The Directors are satisfied that the provision of non-audit services by the auditor, as set out in note 18 to the Financial Statements, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

OTHER ASSURANCE SERVICES	2018 $	2017 $
Amounts received or due and receivable by BDO Audit Pty Ltd for:		
Review of regulatory submissions	4,500	-
	4,500	**-**
Amounts received or due and receivable by previous auditor, Ernst & Young Australia for:		
Other assurance services	-	20,632
	-	**20,632**

Proceedings on behalf of the Company

As far as the Directors are aware, no proceedings have been brought or intervened in on behalf of the Company with the leave of the Court, nor has any application for leave been made in respect of the Company, under section 237 of the Corporations Act 2001.

Corporate governance

The Directors recognise the need for the highest standards of corporate behaviour and accountability and therefore support and have adhered to the principles of Corporate Governance. The Company's Corporate Governance Statement is available on the Company's website: http://renuenergy.com.au/about-us/governance/.

Remuneration Report (Audited)

This Remuneration Report for the year ended 30 June 2018 outlines the remuneration arrangements in place for Directors and Executives of ReNu Energy Limited in accordance with the requirements of the *Corporations Act 2001* and its Regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
    A. Remuneration principles and strategy
    B. Approach to setting remuneration
    C. Detail of Incentive Plans
4. Executive remuneration outcomes for FY18 (including link to performance)
5. Summary of executive contractual arrangements
6. Non-executive Director remuneration
7. Share based compensation
8. Other statutory disclosures

1. INTRODUCTION

The Remuneration Report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company directly or indirectly including any Director.

For the purposes of this report, the term 'executive' encompasses the Managing Director and the executive management team of the Company. The KMP covered in this report are set out in the table below.

NON-EXECUTIVE DIRECTORS (NEDS)	
S. McLean	Chairman
R. Brimblecombe	Director
A. Rohner	Director
EXECUTIVE DIRECTORS	
C. Murray (ceased 28 March 2018)	Managing Director and CEO
OTHER KEY MANAGEMENT PERSONNEL	
C. Ricato (commenced 5 April 2018)	Acting CEO
W. Leitao (commenced 5 April 2018)	Chief Operating Officer
D. Galvin (commenced 28 August 2017)	Chief Financial Officer & Company Secretary
T. Pritchard (ceased 15 September 2017)	Chief Financial Officer & Company Secretary
KEY MANAGEMENT PERSONNEL WHO CEASED IN PRIOR YEAR	
H. Spence (resigned 25 November 2016)	Former Chairman
J. Hamilton (resigned 31 March 2017)	Former Director
G. Miltenyi (resigned 14 March 2017)	Former Director
A. Mills (ceased employment 5 August 2016)	Former Project Engineering Team Leader

Changes since the end of the reporting period

C. Ricato was appointed as Managing Director and CEO on 6 July 2018.

2. REMUNERATION GOVERNANCE

Remuneration Committee

The Remuneration and Nominations Committee has the primary objective of assisting the Board in developing and assessing the remuneration policy and practices of the Directors, Chief Executive Officer (CEO) and senior executives.

Specifically, the Board approves the remuneration arrangements of the CEO, the aggregate annual fixed remuneration salary review, short-term incentives and the methodology for awards made under long-term incentive plans following recommendations from the Remuneration & Nominations Committee. The Board also sets the aggregate remuneration of Non-executive Directors, which is then subject to shareholder approval, and individual Directors' fees.

Committee assessments incorporate the development of remuneration policies and practices which will enable the Group to attract and retain executives who will create value for shareholders. Executives will be fairly and responsibly rewarded having regard to the performance of the Group, the performance of the executive and the general market environment. The Committee also assists the Board in its own self-evaluation by annually reviewing the process for self-evaluation.

The Remuneration & Nominations Committee meets regularly through the year. The CEO attends remuneration committee meetings by invitation, where management input is required. The CEO is not present during any discussions related to his own remuneration arrangements.

Further information on the Remuneration & Nomination Committee's role, responsibilities and membership can be found on the Company's web site at www.renuenergy.com.au.

Use of remuneration consultants

The Company did not appoint remuneration consultants for remuneration recommendations during the financial year.

Remuneration Report approval at 2017 AGM

The 2017 Remuneration Report received positive shareholder support at the 2017 AGM with a vote of 98.15% in favour.

3. EXECUTIVE REMUNERATION ARRANGEMENTS

3A. Remuneration principles and strategy

ReNu Energy's executive remuneration strategy is designed to attract, motivate and retain highly skilled executives and align the interests of executives and shareholders.

To this end, the company embodies the following principles in its remuneration framework:

- Provide competitive salaries to attract high calibre executives;
- Link executive performance rewards to medium and longer-term shareholder value creation through KPI- linked short term incentives, and;
- Establish appropriate share price performance hurdles under long-term incentive plans to align executive reward with shareholder value creation, the achievement of which will depend on the Group achieving key corporate milestones that are integral to the Group's successful completion of its business plan.

The Group aims to reward its executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- Reward executives for Group, business division and individual performance against targets set by reference to appropriate benchmarks;
- Link reward with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

3B. Approach to setting remuneration

The Managing Director's and key executives' emoluments are structured to retain and motivate executives by offering a competitive base salary, a short term annual cash-based performance-related component together with longer term performance incentives through the ReNu Energy Limited Share Appreciation Rights Plan and Loan Share Plan which aligns executives' interests with those of shareholders.

For the year ended 30 June 2018, remuneration consisted of the following key elements:

- Fixed remuneration – base salary and superannuation;
- Variable remuneration in the form of cash-based incentives;
- Variable remuneration under the ReNu Energy Limited Share Appreciation Rights Plan payable in Shares or equivalent cash payment subject to satisfaction of performance conditions in accordance with the Plan; and
- Variable remuneration under the Company's Loan Share Plan, payable in Shares subject to the Company's share price achieving specified hurdles.

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration of the Managing Director is reviewed annually by the Remuneration and Nominations Committee and approved by the Board. Factors considered include the Group and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice. The Remuneration and Nominations Committee has access to external advice independent of management.

Senior executives receive their fixed (primary) remuneration in cash. The fixed remuneration component of senior executives who are key management personnel is detailed in Table 1 of this report.

3C. Details of Incentive Plans

Short term incentives

The Company uses short term incentives to:

- Reward employees for their contribution in ensuring that ReNu Energy achieves the corporate key deliverables;
- Encourage team work;
- Enhance ReNu Energy attracting and retaining high calibre and high performing employees; and
- Link remuneration directly to the achievement of key annual organisational objectives.

In the FY18 reporting period, short term incentives were awarded to staff and executives based on an assessment of their contributions to the Group's achievements during the year. No Key Management Personnel were entitled to a short term incentive at 30 June 2018 due to their recent appointments.

It is intended that for future periods, specific personal and corporate KPIs will be set annually and the award of short term incentives will be determined in relation to achievement of the relevant KPIs.

Loan Share Plan

At the 2017 AGM, shareholders approved a Loan Share Plan (LSP) to retain, motivate and attract executives and to better align the interests of employees with those of the Group and its shareholders by providing an opportunity for employees to acquire shares subject to the terms and conditions of the LSP (Plan Shares).

The Plan Shares are issued or transferred to the participants in the LSP, determined by the Board in its absolute discretion, at market value. The Group may provide a limited recourse loan to eligible employees who are invited to participate in the LSP to assist them to purchase Plan Shares (Loan).

The Plan Shares will vest on the satisfaction of any applicable performance condition, service requirement or other conditions specified at the time of issue.

During the 2018 financial year, Plan Shares were issued to executives with vesting conditions which require completion of a 12 month service period and the Company's share price achieving a price which represents a significant increase in shareholder value in relation to the share price at the time that the Plan Shares were granted.

ReNu Energy Share Appreciation Rights Plan

The ReNu Energy Share Appreciation Rights (SARs) Plan was approved by shareholders in 2013.

A Share Appreciation Right is a right to receive shares in the Company or an equivalent cash payment based on the increase in the ReNu Energy Limited share price over a specified period, subject to satisfying certain conditions (including a performance condition).

REMUNERATION REPORT (AUDITED) CONTINUED...

The objective of the ReNu Energy SARs Plan is to:

- Align the interests of eligible employees with those of shareholders;
- Provide incentives to attract, retain and/or motivate eligible employees in the interests of the company; and
- Provide eligible employees with the opportunity to acquire Share Appreciation Rights, and ultimately Shares, in accordance with the plan rules.

The Board may, at its discretion, grant to an eligible employee or may invite an eligible employee to apply for a grant of SARs. The vesting of SARs is subject to conditions determined at the time of each issue.

At the reporting date there are no SARs on issue and it is intended that the Loan Share Plan will replace the SARs Plan as the preferred long term incentive plan for the Company.

Hedging of shares and options risk

Currently no Director or officer uses hedging instruments to limit their exposure to risk on either shares or options in the Company. The Company's policy is that the use of such hedging instruments is prohibited.

4. EXECUTIVE REMUNERATION OUTCOMES FOR FY18

Company performance and its link to the Company's remuneration principles and strategy

The 2018 financial year was one which saw the Group completing the first of its transformational opportunities and positioning itself to secure new growth opportunities in a dynamic energy market in Australia. To allow the Group full flexibility in adapting to the changing energy landscape, specific measurable short-term targets were not set for all executives. A number of staff and executives were awarded cash bonuses based on an assessment of their performance during the year. No Key Management Personnel were awarded any cash incentives for the financial year due to their recent appointments.

It is intended that corporate and individual KPIs will be set for FY19, such that executives are rewarded for the achievement of milestones that are both measurable and outcomes based. These milestones will be set by the Board as they represent key drivers for creating short term shareholder value.

The Company's Loan Share Plan has vesting conditions that are designed to align the interests of the executives and shareholders through the delivery of substantial increased shareholder value, through the Company's share price.

During FY18, the Group commissioned a number of new solar and bioenergy projects which will contribute to future income and entered into an arrangement to introduce a new majority owner into its bioenergy business to provide capital support for future growth. With the Group in this transitional phase in FY18 and investing heavily in securing a pipeline of new opportunities for growth, the Group has not achieved a profitable result for the year.

The loss per share from continuing operations for the last five years was as follows: 2013/14 - $0.03; 2014/15 - $0.03; 2015/16 - $0.02; 2016/17 - $0.011; and 2017/18 - $0.007.

The closing share price for the last five years was as follows: 2013/14 - $0.047; 2014/15 - $0.036; 2015/16 - $0.023; 2016/17 - $0.016; and 2017/18 - $0.012.

With the focus currently on growth, the Group considers that financial metrics are not an appropriate measure of success. Instead, the Directors consider the Group's performance should be measured on the achievement of strategic objectives during the year. During the year, the Group has substantially achieved many of its stated objectives, including the commissioning of the first of four solar embedded networks (and three more substantially completed), completion of the acquisition of the Amaroo solar project, commissioning of the Goulburn bioenergy facility and the award of a Retailer Authorisation by the Australian Energy Regulator.

Generation capacity has increased from 1.1MW at 30 June 2017 to 4.1MW at 30 June 2018, with a further 1.8MW to be commissioned in the first quarter of FY19.

The remuneration of senior executives who were Key Management Personnel during the year ended 30 June 2018 is set out below:

Table 1 – Remuneration of senior executives of the Group for the year ended 30 June 2018

	SHORT-TERM*	POST-EMPLOYMENT*		SHARE BASED**			
NAME	SALARY $	SUPERANNUATION $	TERMINATION BENEFITS $	SHARES (AMORTISED COST) $	SARS (AMORTISED COST) $	TOTAL $	PERFORMANCE RELATED %
C. Ricato [1]	114,325	-	-	-	-	**114,325**	-
C. Murray [2]	242,278	25,000	167,500	-	466	**435,244**	-
W. Leitao [3]	63,094	-	-	-	-	**63,094**	-
D. Galvin [4]	185,824	17,653	-	10,472	-	**213,949**	-
T. Pritchard [5]	99,259	13,158	95,837	-	-	**208,254**	-
Totals	**704,780**	**55,811**	**263,337**	**10,472**	**466**	**1,034,866**	

** Fixed remuneration ** Variable remuneration*

1 *C. Ricato has performed the duties of Acting Chief Executive Officer since 5 April 2018 in accordance with the terms of an agreement between the Company and a company associated with Mr Ricato*

2 *C. Murray ceased employment on 28 March 2018 and his remuneration includes a payment in lieu of his notice period of $167,500*

3 *W. Leitao has performed the duties of Chief Operating Officer since 5 April 2018 in accordance with the terms of an agreement between the Company and a company associated with Mr Leitao*

4 *D. Galvin commenced employment as Chief Financial Officer on 28 August 2017*

5 *T. Pritchard ceased employment on 15 September 2017 and his remuneration includes termination benefits of $95,837*

Table 2 – Remuneration of senior executives of the Group for the year ended 30 June 2017

	SHORT-TERM		POST-EMPLOYMENT	SHARE BASED		
NAME	SALARY* $	CASH BONUS** $	SUPERANNUATION* $	SARS** (AMORTISED COST) $	TOTAL $	PERFORMANCE RELATED %
C. Murray	317,246	61,187	40,813	47,842	467,088	14%
T. Pritchard	259,085	-	24,605	-	283,690	-
A.Mills[1]	102,170	-	2,583	-	104,753	-
Totals	**678,501**	**61,187**	**68,001**	**47,842**	**855,531**	

** Fixed remuneration ** Variable remuneration*

1 A. Mills ceased employment on 5 August 2016

5. SUMMARY OF EXECUTIVE CONTRACTUAL ARRANGEMENTS

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts agreements are provided below.

Acting Chief Executive Officer – C Ricato

Mr Ricato held the position of Acting Chief Executive Officer from 5 April 2018 in accordance with a consultancy services agreement between the Company and a company associated with Mr Ricato. Remuneration was $1,700 per day.

Subsequent to the end of the financial year, on 6 July 2018, Mr Ricato was appointed as Managing Director and CEO and entered into a new Executive Services Agreement with the Company, the key terms of which are as follows:

- Base remuneration of $375,000 per annum plus superannuation;
- Discretionary short term incentive up to a maximum of 50% of the base remuneration, to be awarded based on achievement of KPIs to be specified by the Board;
- Long term incentive (Loan Share Plan Shares) – the Board has agreed to issue to Mr Ricato (subject to shareholder approval), three tranches of 28.85 million shares pursuant to the Loan Share Plan (Plan Shares), with each tranche having an earliest vesting date of 6 July 2019 and the Company's share price having achieved a 20 trading day volume weighted average price in excess of $0.02, $0.04 and $0.05 for each of the three tranches respectively. Unvested shares vest upon a change of control of the Company. If the grant of Plan Shares is approved by shareholders, the shares will be issued at an Issue Price calculated over a 30-day trading period ending on the date immediately prior to the Issue Date and Mr Ricato will be provided with an interest-free, non-recourse loan for the value of the shares;
- Termination provisions as set out below:

	NOTICE PERIOD	PAYMENT IN LIEU OF NOTICE	TREATMENT OF STI ON TERMINATION	TREATMENT OF LTI ON TERMINATION
Resignation	3 months	3 months	Unvested awards forfeited	Unvested awards forfeited
Failure by Company to pay remuneration or benefits	None	None	Unvested awards forfeited	Unvested awards forfeited
Change of strategic direction, material diminution of the officers's duties or substantial change in location	1 month	12 months	Unvested awards forfeited	Pay cash or vest equity to the value of unvested LTIs (provided that the total of the amounts payable must not exceed the amount that the Company may pay without shareholder approval)
Termination for cause	14 days	None	Unvested awards forfeited	Unvested awards forfeited
Termination without cause	6 months	6 months	Unvested awards forfeited	Unvested awards forfeited

REMUNERATION REPORT (AUDITED) CONTINUED...

Chief Operating Officer – W Leitao

Mr Leitao held the position of Chief Operating Officer from 5 April 2018 in accordance with a consultancy services agreement between the Company and a company associated with Mr Leitao. Remuneration was $265,000 pa.

Subsequent to the end of the financial year, on 31 July 2018, Mr Leitao entered into a new Executive Services Agreement with the Company the key terms of which are as follows:

- Base remuneration of $265,000 per annum plus superannuation;
- Short term incentive of a maximum of 50% of the base remuneration, to be awarded based on achievement of specified KPIs. No KPIs have yet been set for FY19; and
- Termination provisions are the same as set out above for the CEO.

Chief Financial Officer and Company Secretary – D Galvin

Mr Galvin held the position of Chief Financial Officer from 28 August 2017 and Company Secretary from 1 September 2017.

Mr Galvin's remuneration package was formalised in an open ended employment agreement, the key terms of which are as follows:

- Base remuneration including superannuation of $240,000 per annum;
- Short term incentive of a maximum of 20% of the base remuneration, to be awarded based on achievement of specified KPIs. No KPIs were set in respect of the year ended 30 June 2018 and the awarding of any short term incentive in respect of the FY18 year will be determined after completion of 12 month's service;
- Long term incentive (Loan Share Plan Shares) – Mr Galvin was granted 14,341,500 shares pursuant to the Loan Share Plan following approval of the LSP by shareholders at the 2017 AGM. Details of the Plan Shares granted are set out in section 7 of this report. The value attributed to the Plan Shares during the year comprised 4.9% of Mr Galvin's total remuneration and nil % vested during the financial year; and
- Termination of employment requires three month's notice by either party, or no notice if terminated for cause.

6. NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENTS

Remuneration Policy

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board may consider advice from external consultants as well as the fees paid to Non-executive Directors of comparable companies when undertaking the annual review process. The amounts are set at a level that compensates the Directors for their significant time commitment in overseeing the progression of the Company's business plan.

The Constitution of ReNu Energy and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 28 November 2007 when shareholders approved a maximum aggregate remuneration of $700,000 per year.

Structure

Each Non-executive Director receives a fee for being a Director of the Company. The current fee structure is to pay Non-executive Directors a gross annual remuneration of $50,000 p.a. with the Chairman paid $65,000 p.a. There are no additional fees paid for committee memberships. There are no retirement benefits offered to Non-executive Directors. In accordance with good corporate governance practice, the Non-executive Directors do not participate in equity based remuneration plans of the Company.

The remuneration of Non-executive Directors for the year ending 30 June 2018 is detailed in Table 3 of this report and the remuneration for the comparative year ending 30 June 2017 is detailed in Table 4.

Table 3 – Non-executive Directors' Remuneration for the year ended 30 June 2018

DIRECTOR	DIRECTORS FEES $	CONSULTING FEES[1] $	SUPERANNUATION $	TOTAL $
S. McLean[1]	59,361	89,800	5,639	**154,800**
R. Brimblecombe	50,000	-	-	**50,000**
A. Rohner	50,000	-	-	**50,000**
Totals	**159,361**	**89,800**	**5,639**	**254,800**

1 Mr S. McLean was engaged through an associated company, 145 Fleet Pty Ltd, to provide corporate advisory services from 1 October 2017 to 28 February 2018 and to assist with the transition following the resignation of Managing Director and CEO in March / April 2018.

Table 4 – Non-Executive Directors' Remuneration for the year ended 30 June 2017

DIRECTOR	DIRECTORS FEES $	SUPERANNUATION $	TOTAL $
S. McLean [1]	17,156	1,630	**18,786**
R. Brimblecombe	50,000	-	**50,000**
A. Rohner [1]	15,036	-	**15,036**
J. Hamilton [2]	42,500	-	**42,500**
G. Miltenyi [3]	34,247	3,253	**37,500**
K. Spence [4]	24,140	2,293	**26,433**
Totals	**183,079**	**7,176**	**190,255**

1 Appointed 14 March 2017 2 Resigned 31 March 2017 3 Resigned 14 March 2017 4 Resigned 25 November 2016

7. SHARE BASED COMPENSATION

Loan Share Plan Shares

On 9 November 2017, the Company granted 43,024,500 ordinary shares (Plan Shares) to executives of the Company pursuant to a Loan Share Plan approved by shareholders at the Annual General Meeting.

The Plan Shares will only vest if the executive has been employed for 12 months from the grant date and the Company's volume-weighted average share price has been at least $0.04 per share for 30 trading days.

The movements of Plan Shares, held directly, indirectly or beneficially by each key management personnel member, including their related parties during the financial year ended 30 June 2018 is set out in Table 5 below.

Table 5 - Shares granted to Key Management Personnel as part of remuneration for the year ended 30 June 2018

EXECUTIVE	BALANCE AT BEGINNING OF PERIOD (SHARES)	SHARES GRANTED DURING THE REPORTING PERIOD (SHARES)	FAIR VALUE OF SHARES GRANTED DURING THE YEAR ($)	GRANT DATE	EXPIRY DATE	SHARES LAPSED DURING THE REPORTING PERIOD (SHARES)	BALANCE AS AT THE END OF THE REPORTING PERIOD[1] (SHARES)
C. Murray	-	28,683,000	$0.0088	9/11/2017	9/11/2027	(28,683,000)	-
D. Galvin	-	14,341,500	$0.0088	9/11/2017	9/11/2027	-	14,341,500
Total	**-**	**43,024,500**	**$0.0088**			**(28,683,000)**	**14,341,500**

1 No Plan Shares have vested at the end of the reporting period

The maximum value of the above Plan Shares yet to vest is $115,733 for D. Galvin, and nil for C. Murray based on the grant date fair value which has not yet been expensed. The Plan Shares can vest in any financial year after the vesting conditions are satisfied, but before their expiry date. The minimum value of the Plan Shares yet to vest is nil.

There were no Plan Shares issued prior to FY18.

The executives were provided with limited recourse, interest-free loans to fund the acquisition of the Plan Shares. The loans are repayable after 10 years or earlier in specific circumstances, including if the executive ceases employment or sells the shares. The executive may return the shares instead of repaying the loan.

The issue price of the shares was $0.0172 each with an aggregate loan value of $740,022 (refer Table 6 below).

As the Company has no right to receive cash settlement for the loan (the executive can elect to forfeit the shares), no loan receivable has been recognised by the Company. The effect of the contractual arrangements is equivalent to an option exercisable at the time of loan repayment at an exercise price of $0.0172 per share. As a result, the grant of Plan Shares has been valued using an option pricing model and the fair value recognised in profit and loss over the expected vesting period.

Share Appreciation Rights (SARs)

Share Appreciation Rights are rights to receive shares in the Company or an equivalent cash payment based on the increase in the Company's share price over a specified period. For any of the SARs to vest, the Company's share price must first achieve a minimum share price of $0.05. This performance condition is tested at the earliest vesting date and any SARs that do not vest at the vesting date are then retested every subsequent 6 months (to a maximum of four re-tests).

The number of SARs that vest at each vesting date is determined as:

$$\text{NUMBER OF SARS} \times \frac{\text{Market price of the Company's shares at the vesting date less \$0.0297}}{\text{Market price of the Company's shares at the vesting date}}$$

The SARs lapse if the executive ceases employment with the Company.

The movements of Share Appreciation Rights, held directly, indirectly or beneficially by each key management personnel member, including their related parties during the financial year ended 30 June 2018 are set out in Table 6 below.

REMUNERATION REPORT (AUDITED) CONTINUED...

Table 6 – Share Appreciation Rights granted to Key Management Personnel as part of remuneration for the year ended 30 June 2018

EXECUTIVE	EARLIEST VESTING DATE	BALANCE AT BEGINNING OF PERIOD (RIGHTS)	RIGHTS GRANTED DURING THE REPORTING PERIOD (RIGHTS)	FAIR VALUE OF RIGHTS GRANTED DURING THE YEAR ($)	GRANT DATE	RIGHTS LAPSED DURING THE REPORTING PERIOD (RIGHTS)	BALANCE AS AT THE END OF THE REPORTING PERIOD (RIGHTS)
C. Murray	11/1/2018	10,000,000			16/12/2016	(10,000,000)	-
C. Murray	11/1/2018		2,030,979	$0.0067	10/11/2017	(2,030,979)	-
C. Murray	11/1/2019	10,000,000			16/12/2016	(10,000,000)	-
C. Murray	11/1/2019		2,030,979	$0.0077	10/11/2017	(2,030,979)	-
Total		**20,000,000**	**4,061,958**	**$0.0072**		**(24,061,958)**	**-**

8. OTHER STATUTORY DISCLOSURES

Related party transactions with Directors

The Group engaged FinClear Execution Limited to provide services in relation to corporate finance advisory services. The key resource from FinClear is S. McLean (Non-executive Chairman). The mandate was for a period of four months commencing 1 May 2017. Fees of $50,000 (2017: $50,000) were payable during the year.

Shareholdings of Key Management Personnel

The movements of the Company's ordinary shares, held directly, indirectly or beneficially by each Key Management Personnel member, including their related parties during the financial year ended 30 June 2018 are set out in Table 7 below.

Table 7 - Shareholdings of Key Management Personnel

	BALANCE AT BEGINNING OF PERIOD 01/07/17	ISSUED UNDER LOAN SHARE PLAN	ACQUIRED UNDER THE SHARE PURCHASE PLAN[1]	OTHER MOVEMENTS[2]	BALANCE AT END OF PERIOD 30/06/18
DIRECTORS					
C. Murray	4,736,996	-	833,334	(5,570,330)	**-**
R. Brimblecombe	28,192,979	-	833,334	-	**29,026,313**
EXECUTIVES					
T. Pritchard	341,622	-	-	(341,622)	**-**
D. Galvin					
- Unrestricted	-	-	555,556	580,000	**1,135,556**
- Unvested[3]	-	14,341,500	-	-	**14,341,500**
Total	**33,271,597**	**14,341,500**	**2,222,224**	**(5,331,952)**	**44,503,369**

1 Shares taken up under the Share Purchase Plan on 22 December 2017 open to all existing shareholders

2 Ceased, or commenced being Key Management Personnel during the year

3 Ordinary Shares issued under the Loan Share Plan are subject to vesting conditions – refer to section 7 of the Remuneration Report for further details

End of Remuneration Report (Audited)

Signed in accordance with a resolution of the Directors.

CRAIG RICATO
Managing Director

Brisbane,
30 August 2018

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF RENU ENERGY LIMITED

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Declaration of independence by R M Swaby to directors of ReNu Energy Limited

As lead auditor of ReNu Energy Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

R M SWABY
Director

BDO AUDIT PTY LTD
Brisbane, 30 August 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FINANCIAL YEAR ENDED 30 JUNE 2018	NOTE	2018 $'000	2017 $'000
Continuing operations			
Sales income	3A(i)	236	91
Project income		-	220
Total revenue		**236**	**311**
Interest income		107	290
Other income	3A(ii)	206	320
Total income		**549**	**921**
Personnel expenses	3B	(2,227)	(2,589)
Other operating expenses	3C	(1,475)	(1,795)
General & administrative expenses	3D	(2,187)	(2,131)
Impairment of Goodwill		-	(1,000)
Finance costs	3E	(133)	(4)
Total expenses	**3F**	**(6,022)**	**(7,519)**
Loss before income tax expense		**(5,473)**	**(6,598)**
Income tax expense	5	(37)	-
Loss after income tax expense from continuing operations		**(5,510)**	**(6,598)**
Profit from discontinued operations after tax	4	287	(109)
Net loss for the year after income tax from continuing operations attributable to the owners of the parent		**(5,223)**	**(6,707)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss after tax			
Exchange differences on translation of foreign operations	14	-	4
Other comprehensive income for the period		-	4
Total comprehensive loss for the period attributable to the owners of the parent		**(5,223)**	**(6,703)**
Earnings Per Share attributable to the owners of the parent			
Basic and Diluted Loss per share from continuing operations (cents per share)	16	(0.68)	(1.10)
Basic and Diluted Loss per share (cents per share)	16	(0.65)	(1.12)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018	NOTE	2018 $'000	2017 $'000
CURRENT ASSETS			
Cash and cash equivalents	22(A)	1,453	10,890
Trade and other receivables	7	1,180	1,146
Inventories	6	20	30
		2,653	12,066
Assets held for sale	8	5,489	-
Total current assets		**8,142**	**12,066**
NON-CURRENT ASSETS			
Other receivables	7	545	-
Property, plant and equipment	9	5,968	2,821
Total non-current assets		**6,513**	**2,821**
Total assets		**14,655**	**14,887**
CURRENT LIABILITIES			
Trade and Other Payables	10	2,630	1,752
Borrowings	11	1,431	-
Provisions	12	806	1,162
Liabilities directly associated with assets held for sale	8	34	-
Total current liabilities		**4,901**	**2,914**
NON-CURRENT LIABILITIES			
Provisions	12	1,104	269
Total non-current liabilities		**1,104**	**269**
Total liabilities		**6,005**	**3,183**
Net assets		**8,650**	**11,704**
EQUITY			
Issued capital	13	355,287	353,129
Other reserves	14	71	60
Accumulated losses		(346,708)	(341,485)
Total equity		**8,650**	**11,704**

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

CONSOLIDATED CASH FLOW STATEMENT

FINANCIAL YEAR ENDED 30 JUNE 2018	NOTE	2018 $'000	2017 $'000
Operating Activities			
Customer receipts		956	526
Payments to suppliers and employees		(6,118)	(6,080)
Net Goods and Services Tax received		79	677
Interest received		154	286
Interest paid		(37)	-
Tax paid		(37)	-
Net cash flows used in operating activities	22(B)	**(5,003)**	**(4,591)**
Investing Activities			
Proceeds from Government grants		2,080	-
Proceeds from R&D tax incentive		458	3,791
Purchase of property, plant & equipment		(9,917)	(1,830)
Payments for geothermal rehabilitation		(580)	(1,450)
Payments of rectification obligations		(112)	(883)
Proceeds from joint venture recoveries		115	-
Proceeds from sale of property, plant & equipment		-	226
Net payments of cash held as security		(18)	-
Net cash flow used in investing activities		**(7,974)**	**(146)**
Financing Activities			
Proceeds from issue of shares		2,299	1,426
Proceeds from borrowings		1,640	-
Repayments of borrowings		(99)	-
Transaction costs of share issues		(123)	(205)
Transaction costs of loans and borrowings		(162)	-
Net cash flow provided by financing activities		**3,555**	**1,221**
Net decrease in cash and cash equivalents		**(9,422)**	**(3,516)**
Less : cash reclassified to assets held for sale		**(15)**	**-**
Add: Opening cash and cash equivalents at 1 July		**10,890**	14,406
Cash and cash equivalents at 30 June	**22(A)**	**1,453**	**10,890**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FINANCIAL YEAR ENDED 30 JUNE 2018	ISSUED CAPITAL $'000	SHARE BASED PAYMENT RESERVE (NOTE 14) $'000	FOREIGN CURRENCY TRANSLATION RESERVE (NOTE 14) $'000	ACCUMULATED LOSSES $'000	TOTAL EQUITY $'000
At 1 July 2017	**353,129**	**48**	**12**	**(341,485)**	**11,704**
Loss for the period	-	-	-	(5,223)	(5,223)
Other comprehensive income	-	-	-	-	-
Total loss for the year	-	-	-	(5,223)	(5,223)
Transactions with owners in their capacity as owners:					
Shares issued	2,299	-	-	-	2,299
Share issue costs	(141)	-	-	-	(141)
Share Based Payment	-	11	-	-	11
At 30 June 2018	**355,287**	**59**	**12**	**(346,708)**	**8,650**

FINANCIAL YEAR ENDED 30 JUNE 2017					
At 1 July 2016	**351,908**	**-**	**8**	**(334,778)**	**17,138**
Loss for the period	-	-	-	(6,707)	(6,707)
Other comprehensive income	-	-	4	-	4
Total loss for the year	-	-	4	(6,707)	(6,703)
Transactions with owners in their capacity as owners:					
Shares issued	1,426	-	-	-	1,426
Share issue costs	(205)	-	-	-	(205)
Share based payment	-	48	-	-	48
At 30 June 2017	**353,129**	**48**	**12**	**(341,485)**	**11,704**

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Corporate information

The financial report of ReNu Energy Limited (the Company) and its subsidiaries (collectively the Group) for the year ended 30 June 2018 was authorised in accordance with a resolution of the Directors on 30 August 2018.

ReNu Energy Limited is a for profit Company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

Note 2 – Summary of significant accounting policies

A. BASIS OF PREPARATION

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

B. COMPLIANCE WITH IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

C. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Group has adopted all of the new and revised Australian Accounting Standards that are relevant to its operations and effective for the current financial year. The following amendments to standards are mandatory for the first time for the financial year beginning 1 July 2017:

- **AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses** (effective 1 July 2017);
- **AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative** (effective 1 July 2017); and
- **AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle** (effective 1 July 2017).

The adoption of these amendments to standards has not affected any of the amounts recognised in the current period or any prior period and are not likely to materially affect future periods. Certain Australian Accounting Standards and interpretations have been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 30 June 2018.

The following new accounting standards and interpretations have been issued that are not mandatory for the financial year beginning 1 July 2017 and have not been early adopted by the Group:

- **AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*** (effective 1 July 2018).

  AASB 2016-5 amends AASB 2 Share-based Payment to provide guidance and clarification regarding the accounting for certain share-based payments.

  The adoption of these amendments will not have any impact on the amounts recognised in prior or current periods and are not likely to materially affect future periods.

- **AASB 15 *Revenue from Contracts with Customers*** (effective 1 July 2018):

  AASB 15 provides a single, principles-based model to be applied to all contracts with customers. Generally, revenue will be recognised when control of a good or service transfers to a customer. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures regarding revenue are also introduced.

  The Group will apply the new standard from its application date, 1 July 2018. Management has assessed the effects of applying AASB 15 on the Group's financial statements and has determined that apart from providing more extensive disclosures on the Group's revenue transactions, the application of AASB 15 is not expected to have a material impact on the Group's financial statements. No cumulative impact is expected from the initial implementation of AASB 15 as the existing method of accounting for customer contracts in force as of 1 July 2018 is not expected to change under AASB 15.

- **AASB 16 *Leases*** (effective 1 July 2019):

  AASB 16 provides a new lessee accounting model and replaces AASB 17 Leases, requiring a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

  A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable future lease payments, and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. AASB 16 also contains additional disclosure requirements for lessees.

  The Group has a number of operating lease commitments (further details of which are disclosed in note 15) which are all expected to fall within the scope of AASB 16. Management has made a preliminary assessment of the effects of applying AASB 16 on the Group's financial statements and has determined that it is likely to have a material impact, with the most significant resulting from the rooftop licences for the Group's solar PV projects.

  The Group expects to apply the standard from 1 July 2019, retrospectively recognising the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings.

  The Group's preliminary projection is that upon implementation of AASB 16 on 1 July 2019 (applied to existing operating lease commitments, and not including any new commitments that might be entered into in the intervening period):

  - Lease liabilities brought onto the Statement of Financial Position are likely to amount to between $700,000 and $800,000;
  - The right-of-use assets is expected to be $50,000 to $60,000 less than the lease liabilities (reflecting their partially depreciated status from applying the standard on a retrospective basis); and
  - The opening balance of retained earnings is likely to be reduced by $50,000 to $60,000.

Following the implementation of AASB 16 on 1 July 2019, lease payments which are currently classified as operating expenses will be classified as depreciation and interest. As a result:

- EBITDA is expected to increase as the operating lease cost is no longer charged against EBITDA and instead classified as depreciation and interest which are excluded from EBITDA (although still charged against earnings); and
- Operating cash flows will increase as the element of cash paid attributable to the repayment of "principal" will be included as a financing cash flow. The net movement in cash and cash equivalents will remain the same.

- **AASB 9 *Financial Instruments*** (effective 1 July 2018):

  AASB 9 replaces AASB 7, AASB 132 and AASB 139 and addresses the classification, measurement and derecognition of financial assets and liabilities, introduces a single, forward-looking "expected loss" impairment model and a substantially reformed approach to hedge accounting.

  The Group will apply the new standard from its application date, 1 July 2018, but it is not expected that there will be any impact on the Group's classification, measurement and derecognition of financial assets and liabilities as the group does not have any hedges or financial assets or liabilities designated as "at fair value or through other comprehensive income".

  The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses. The Group does not expect this to result in any material impact on the extent of provisions for impairment losses.

  The expanded disclosure requirements may result in changes to the nature and extent of the Group's disclosures about its financial instruments.

D. GOING CONCERN

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

A major focus of the Board and management is on ongoing cash flow management to ensure that the Group always has sufficient funds to cover its planned activities and any ongoing obligations. At 30 June 2018, the Directors are satisfied that the Group has access to sufficient funds to extinguish creditors and liabilities in the ordinary course of business for at least the next 12 months from the date of signing this report.

At 30 June 2018, borrowings of $1,186,000 were classified as 'current', as a waiver of a loan covenant from the financier was only received subsequent to the balance date. These borrowings are not due for payment in the next 12 months and it is not expected that any future waivers will be required.

At 30 June 2018, ReNu Energy had available cash of $1,468,000, and subsequently received $1,273,000 from the issue of new shares in July 2018 and $2,800,000 from the sale of a 70% interest in its Goulburn bioenergy project. Revenues from the existing portfolio of operating assets will also contribute to the cash resources available to the Group in the future.

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

E. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group as at 30 June 2018. Subsidiaries are all entities which the Group controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

Material controlled entity/subsidiaries

The consolidated financial statements include the financial statements of the ultimate parent company, ReNu Energy Limited, and its controlled entities. Principal subsidiaries, all of which are incorporated in Australia, are listed in the following table:

		EQUITY INTEREST %	
NAME	PRINCIPAL ACTIVITIES	2018	2017
Quantum Power Pty Ltd	Bioenergy project development	100	100
RE Holding Company One Pty Ltd	Holding company for SM Project Company Pty Ltd [1]	100	100
SM Project Company Pty Ltd	Electricity supply from the Goulburn bioenergy project [1]	100	100
EN Project Company One Pty Ltd	Electricity supply from solar embedded networks [1]	100	100
SP Project Company One Pty Ltd	Electricity supply from solar assets [1]	100	100
BioEnergy Projects Pty Ltd	Electricity supply from bioenergy assets	100	100
ReNu Energy Retail Pty Ltd	Holds an electricity Retailer Authorisation to supply electricity to customers in 2018/2019	100	-

1 In its capacity as trustee

F. FOREIGN CURRENCY TRANSLATION

Both the functional and presentation currency of ReNu Energy is Australian dollars ($A). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

Differences arising on the settlement or translation of monetary items are recognised in the profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the translation of financial statements of foreign subsidiaries are taken to the foreign currency translation reserve at the balance date.

G. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on a straight line basis on all property, plant and equipment. All classes are depreciated over periods ranging from 3 to 25 years (2017: 3 to 15 years). The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

H. IMPAIRMENT OF ASSETS

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for a cash-generating unit (CGU). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in the statement of comprehensive income in the year the loss is recognised.

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks and short term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

J. INVENTORIES

Inventories include spare parts and consumable items used in operations and are valued at the lower of cost and net realisable value.

K. CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

L. TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

M. BORROWINGS

Borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Transaction costs of loans and borrowings

Fees and other costs incurred in relation to the establishment of loan facilities are treated as transaction costs to the extent that it is probable that some or all of the facility will be drawn down and are included in the initial fair value of the financial liability. Costs for facilities which do not eventuate or for which the probability of utilisation is not probable are expensed in profit or loss.

N. PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

O. EMPLOYEE BENEFITS

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables or provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee entitlements – refer to note 12 for further details.

P. SHARE-BASED PAYMENT TRANSACTIONS

The Group provides benefits to employees (including executive Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognised in the Statement of Profit or Loss and Other Comprehensive Income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award provided the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification. When the award is cancelled by the entity or by the counterparty any remaining element of the fair value of the award is expensed immediately through the profit and loss.

Q. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised.

Interest income

Interest income is recorded as the interest accrues, using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Sales Income

Sales income relates to the supply of electricity and related services to customers and the generation of renewable energy credits and certificates from the government. Revenue from the sale of electricity is recognised on delivery of the product. Renewable energy credits income is recognised when earned.

Project Income

Project Income relates to income earned for the construction and delivery of biogas energy systems to customers. Revenue is recognised by reference to the stage of completion of a contract or contracts in progress at reporting date or at the time of completion of the contract and billing to the customer. Stage of completion is measured by reference to project costs incurred to date as a percentage of total estimated costs for each contract which is determined by a set quotation with the customer.

R. GOVERNMENT GRANTS

Government Grants (including R&D tax incentives) are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants relating to rehabilitation costs are recorded as an offset against expenditure. To the extent the government grant is greater than the associated expenditure the residual amount is recorded as other income.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset or liability, the fair value is credited to a deferred income account until such time as all conditions associated with the grant are met. Once these conditions are achieved the credit is allocated to the relevant asset or liability. The amount of the grant is then released to net income over the expected useful life (by way of reduced depreciation or amortisation) of the relevant asset.

S. EARNINGS PER SHARE

Basic earnings per share is determined by dividing the profit/(loss) after tax by the weighted average number of ordinary shares outstanding during the financial period. Diluted earnings per share is determined by dividing the profit/(loss) after tax adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial period.

T. INCOME TAX

Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and / or
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

U. OTHER TAXES

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the Cash Flow Statement on a net basis and the GST component arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

V. SEGMENT REPORTING

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. Operating segments are identified on the basis of internal reports that are regularly reviewed and used by the Board of Directors in order to allocate resources to the segment and assess its performance and are reported in note 17.

W. PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, ReNu Energy, included in note 26, has been prepared on the same basis as the consolidated financial statements.

X. COMPARATIVE FIGURES

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

Y. ROUNDING OF AMOUNTS

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191,* relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Z. NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

AA. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The carrying amounts of certain assets and liabilities are often determined based on judgement, estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Rehabilitation provision

The Company reviews rehabilitation requirements for its geothermal tenements by undertaking an analysis of the planned activities and costs to rehabilitate the sites including the plugging and abandoning of wells as appropriate. The estimated costs reflect the planned work required to satisfy the obligations. The plugging and abandoning of wells are subject to geological complexities and other downhole risks and the ultimate cost incurred may differ materially to the current estimate.

Note 3A – Income

	2018 $'000	2017 $'000
(i) Sales income		
Electricity and related services	194	-
Renewable energy credits and certificates	42	91
	236	**91**
(ii) Other income		
Recoupment of rehabilitation costs from former joint venture participant	53	-
R&D tax incentive received (bioenergy) *	130	311
Other	23	9
	206	**320**

* *Total R&D incentive received or receivable at 30 June 2018 is $23,000 (2017: $3,896,000) in relation to rehabilitation costs and $130,000 (2017: $311,000) in relation to bioenergy costs. R&D incentive in respect of rehabilitation costs is recognised as a contra to the rehabilitation expenditure in the profit and loss to the extent it reduces the expense to nil. To the extent the R&D incentive exceeds the rehabilitation costs, the residual amount is classified as other income. For the year ended 30 June 2018 no R&D incentive in respect of rehabilitation costs is included in other income (2017: nil).*

Note 3B – Personnel expenses

	2018 $'000	2017 $'000
Loss before income tax has been determined after charging the following specific items:		
Employee expenses	2,050	2,518
Share based payments	11	48

Note 3C – Other operating expenses

Business development costs	1,230	1,018
Depreciation of operational plant & equipment	55	-
Facility operating costs	193	185
Project rectification costs	(3)	286
Rehabilitation costs	-	306
	1,475	**1,795**

Note 3D – General & administrative expenses

Governance and investor relations	286	448
External advisory	1,008	716
Facility, IT and communications	431	363
Travel	165	151
Insurance	232	200
Depreciation of plant and equipment	9	11
Inventory write-downs	-	161
Other	56	81
	2,187	**2,131**

Note 3E – Finance costs

Transaction costs of loans and borrowings	95	-
Interest expense	38	4
	133	**4**

Note 3F – Other expenses and losses/(gains)

	2018 $'000	2017 $'000
General and administrative expenses have been determined after charging/(crediting) the following specific items (amounts may be included above in notes 3B, 3C and 3D):		
Depreciation	64	11
Gain/(loss) on disposal of plant & equipment	-	47
Operating lease rentals paid	140	127
Foreign exchange loss/(gain)	-	1
Employer superannuation contributions paid or payable	211	226

Note 4 – Discontinued operations

On 12 June 2018, the Company announced the execution of an agreement to jointly develop a portfolio of bioenergy assets. Under the agreement, the Group agreed to sell a 70% interest in its subsidiaries which own the Goulburn Bioenergy Project and undertook to continue negotiating the terms of a joint investment in another bioenergy project. These two bioenergy projects have been classified as discontinued operations.

PROFIT FROM DISCONTINUED OPERATIONS AFTER TAX	2018 $'000	2017 $'000
Revenue – sales income	870	265
Interest revenue	2	-
Expenses	(321)	(283)
Depreciation	(264)	(91)
Net profit/(loss) from discontinued operations	**287**	**(109)**
Income tax expense	**-**	-
Net profit/(loss) from discontinued operations after tax	**287**	**(109)**
Net cash flows from discontinued operations		
Net cash inflow / (outflow) from operating activities	**470**	(89)
Net cash outflow from investing activities	**(2,101)**	(887)
Net cash inflow / (outflow) from financing activities	**-**	-

The assets and liabilities of discontinued operations are set out in note 8.

Note 5 – Income tax

INCOME TAX EXPENSE		
The prima facie tax benefit on loss of 27.5% (2017 – 27.5%) differs from the income tax provided in the financial statements as follows:		
Prima facie tax benefit on loss	1,426	1, 844
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D Tax Incentive receivable	-	(213)
Change in R&D incentive for the prior year *	(44)	(320)
Impairment of Goodwill	-	(275)
Other income/(expenses)	(6)	(16)
Income tax benefit/(expense)	1,376	1,020
Adjustments for current tax of prior periods	448	-
Deferred tax assets for tax losses and other temporary differences not recognised	(1,861)	(1,020)
Income tax expense	**(37)**	-

* *Change in R&D incentive represents amounts received in excess of carrying receivable balances*

Note 5 – Income tax continued...

	2018 $'000	2017 $'000
Income tax expense comprises:		
Current tax	(1,497)	(1,020)
Deferred tax	1,497	1,020
Adjustment for current tax of prior periods	37	-
Total income tax expense	**37**	-

TAX LOSSES

	2018 $'000	2017 $'000
Unused tax losses for which no deferred tax asset has been recognised[1]	265,525	261,436
Potential tax benefit at 27.5%	**73,019**	71,895

1 The Company's tax losses for the 2017 financial year (reported above) have been adjusted to reflect the income tax return lodged during the 2017 financial year.

DEFERRED INCOME TAX

Deferred income tax at the end of the reporting period relates to the following:

DEFERRED TAX LIABILITIES	2018 $'000	2017 $'000
Other deferred tax liability	(37)	(24)
Total deferred tax liabilities	**(37)**	(24)

DEFERRED TAX ASSETS	2018 $'000	2017 $'000
Losses available for offset against future taxable income:		
Company	70,770	75,475
Subsidiary	2,249	3,257
Capitalised grant income	565	-
Other deferred tax asset	841	468
Total deferred tax assets	**74,425**	79,200
Net deferred tax assets	74,388	79,176
Deferred tax assets not recognised[1]	(74,388)	(79,176)
Recognised net deferred income tax assets	**-**	-

1 Deferred tax assets arising from tax losses and temporary differences are only brought to account to the extent that it offsets the Group's deferred tax liabilities arising from temporary differences. As the Group does not have a history of taxable profits, the deferred tax assets associated with tax losses and temporary differences in excess of the Group's deferred tax liabilities arising from temporary differences is not yet regarded as probable of recovery at 30 June 2018.

MOVEMENT IN DEFERRED TAX ASSETS	2018 $'000	2017 $'000
Balance at the beginning of the year	79,200	75,941
Change in tax rates	(6,600)	-
(Charged)/credited to profit or loss:		
Tax losses	1,151	3,357
Trade and other payables	(190)	(21)
Provisions	(46)	(77)
Adjustment for deferred tax of prior periods	278	-
ARENA grant income capitalised	578	-
Other balances and transactions	54	-
Balance at the end of the year	**74,425**	79,200

MOVEMENT IN DEFERRED TAX LIABILITIES	2018 $'000	2017 $'000
Balance at the beginning of the year	24	70
Change in tax rates	(2)	-
(Charged)/credited to profit or loss:		
Trade and other receivables	25	(46)
Other balances and transactions	(10)	-
Balance at the end of the year	**37**	24

Note 6 – Inventories

Spares	20	30

Note 7 – Trade and other receivables

CURRENT		
Cash held as security	295	278
Trade receivables	156	66
GST Receivable	203	97
Interest Receivable	1	47
R&D Tax Incentive Receivable	92	420
Other receivables and deposits	134	201
Prepayments	299	37
Total current trade and other receivables	**1,180**	**1,146**

NON-CURRENT		
R&D Tax Incentive receivable	545	-
Total non-current trade and other receivables	**545**	**-**

ASSETS PLEDGED AS SECURITY

Of the cash held as security $40,000 (2017: $nil) is provided as security for borrowings (refer note 11) and $255,000 (2017: $278,000) for bank guarantees (refer note 23).

FOREIGN EXCHANGE, INTEREST RATE AND LIQUIDITY RISK

Information about the Group's exposure to foreign exchange risk, interest rate risk and liquidity risk is provided in note 25. Trade and other receivables are non-interest bearing.

FAIR VALUE AND CREDIT RISK

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.
Refer to note 25 for more information on the risk management policy of the Group.

PAST DUE BUT NOT IMPAIRED

As at 30 June 2018, trade receivables of $113,000 (2017: nil) were past due but not impaired. Of this, $83,000 was received subsequent to the end of the period. Other amounts are expected to be recovered. The ageing analysis of these trade receivables is as follows:

	2018 $'000	2017 $'000
Up to 2 months	29	-
2 to 3 months	1	-
3 to 6 months	83	-
	113	**-**

Note 8 – Assets and liabilities classified as held for sale

	2018 $'000	2017 $'000
RE Holding Company One Pty Ltd (a)	4,761	-
Plant and equipment (b)	728	-
Assets held for sale	**5,489**	-

On 12 June 2018, the Company announced the execution of an agreement to jointly develop a portfolio of bioenergy assets. Under the agreement, the Group agreed to sell a 70% interest in its subsidiaries which own the Goulburn Bioenergy Project and undertook to continue negotiating the terms of a joint investment in another bioenergy project, which would involve the sale of plant and equipment owned by the Group.

(a) ASSETS AND LIABILITIES OF DISPOSAL GROUP HELD FOR SALE – RE HOLDING COMPANY ONE PTY LTD

The operations of RE Holding Company One Pty Ltd and its controlled entities have been classified as a discontinued operation.
The carrying amounts of assets and liabilities as at 30 June 2018 are:

ASSETS CLASSIFIED AS HELD FOR SALE	2018 $'000	2017 $'000
Cash	15	-
Trade receivables	27	-
Other receivables and prepayments	784	-
Plant and equipment	3,935	-
Total assets of disposal groups held for sale	**4,761**	**-**
LIABILITIES CLASSIFIED AS HELD FOR SALE		
Trade creditors, accrued and other liabilities	19	-
Other provisions	15	-
Total liabilities of disposal groups held for sale	**34**	**-**

The assets and liabilities of the disposal groups above form part of the bioenergy segment in note 17.

(b) PLANT AND EQUIPMENT HELD FOR SALE

The Company has announced its intention to enter into a joint investment in an expanded bioenergy project and sell selected plant and equipment into the new arrangement. These items of plant and equipment have been classified as held for sale and have a carrying value of $728,000 (2017: nil plant and equipment held for sale). The plant and equipment form part of the bioenergy segment in note 17.

Note 9 – Property, plant & equipment

	2018 $'000	2017 $'000
Plant and equipment at cost	28,258	25,948
Less: accumulated depreciation and impairment	(22,290)	(23,127)
Total Property, Plant and Equipment	**5,968**	**2,821**
RECONCILIATION OF PLANT & EQUIPMENT		
Carrying amount at beginning of the period	2,821	28
Additions	10,238	2,895
Grant proceeds	(2,100)	-
Reclassification to Assets Held for Sale	(4,663)	-
Depreciation / amortisation expense	(328)	(102)
Carrying amount at the end of the period	**5,968**	**2,821**

ASSETS PLEDGED AS SECURITY

Plant and equipment with a carrying value of $2,338,000 (2017: nil) is pledged as security for current and non-current borrowings.
Refer to note 11 for details of borrowings.

Note 10 – Trade and other payables

	2018 $'000	2017 $'000
CURRENT		
Trade creditors	1,257	502
Accrued and other liabilities	640	1,250
GST payable	733	-
Trade creditors and accruals	**2,630**	**1,752**

TERMS AND CONDITIONS

Accounts payable and accrued liabilities are non-interest bearing. Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. All amounts are normally settled within 30 days, and discounts for early payment are normally taken where it is considered advantageous for the Company to do so. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Note 11 – Borrowings

	2018 $'000	2017 $'000
CURRENT BORROWINGS		
Secured loan	1,244	-
Other borrowings	187	-
Current borrowings	**1,431**	**-**

The secured loan is secured by a charge over specific plant and equipment and cash of a subsidiary company as identified in note 9 and note 7 respectively. The Parent Entity has provided a guarantee for the subsidiary's obligations under the loan agreement. The financier has rights to enforce the charge over the assets or call on the guarantee if certain events of default occur, including failure to make scheduled loan repayments and interest payments and if the debt service coverage ratio of the subsidiary's business falls below 1.25:1 when measured quarterly in relation to the previous 12 months' operations. Under the terms of the loan agreement, the subsidiary has obtained a waiver from the DSCR requirements for the first two quarters of the loan term (31 March 2018 and 30 June 2018). The full loan balance has been disclosed as 'current' as the second waiver was not granted until after period end, and as at the balance date the subsidiary did not have a right to defer settlement for at least the next 12 months. The contracted maturity of the loan repayments is set out in note 25(B).

Other borrowings are secured over certain insurance policies of the Group and proceeds from any insurance claims may be required to be applied against the outstanding balance of the loan.

CHANGES IN BORROWINGS RESULTING FROM FINANCING ACTIVITIES	2018 $'000	2017 $'000
Balance as at beginning of financial year	-	-
Cash proceeds from borrowings	1,640	-
Transaction costs relating to borrowings	(119)	-
Expensing of transaction costs (non-cash)	9	
Repayments of principal	(99)	-
Balance at the end of the financial year	**1,431**	**-**

FAIR VALUE OF BORROWINGS

The fair values of borrowings are not materially different from their carrying values as interest rates on those borrowings are either close to current market rates or the borrowings are of a short term nature.

Note 12 – Provisions

	EMPLOYEE ENTITLEMENTS $'000	REHABILITATION PROVISION $'000	RECTIFICATION PROVISION $'000	OTHER PROVISIONS $'000	TOTAL PROVISIONS $'000
AT 1 JULY 2017	**192**	**1,125**	**114**	**-**	**1,431**
Provision raised during the year	263	545	-	113	**921**
Utilised	(306)	-	(111)	(3)	**(420)**
Unused amounts released	(5)	-	(3)	-	**(8)**
Reclassified as liability of disposal group	-	-	-	(14)	**(14)**
AT 30 JUNE 2018	**144**	**1,670**	**-**	**96**	**1,910**
Current 2018	117	676	-	13	806
Non current 2018	27	994	-	83	1,104
	144	**1,670**	**-**	**96**	**1,910**
Current 2017	123	925	114	-	1,162
Non current 2017	69	200	-	-	269
AT 30 JUNE 2017	**192**	**1,125**	**114**	**-**	**1,431**

EMPLOYEE ENTITLEMENTS

The provision for employee entitlements includes accrued annual leave and long service leave. All annual leave is expected to be taken within 12 months of the respective service being provided, so annual leave obligations are classified as current.

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

REHABILITATION PROVISION

The rehabilitation provision relates to the Group's share of the expected cost to complete the remaining rehabilitation of the Group's legacy geothermal sites. Bank guarantees totalling $150,000 have been issued to the relevant government departments to cover tenement rehabilitation obligations.

RECTIFICATION PROVISION

The rectification provision was raised upon the acquisition of the Quantum Power group to cover the expected costs of performing rectification works for customers of the Quantum Power group. This work has now been completed and no further obligations exist at 30 June 2018.

OTHER PROVISIONS

Other provisions have been recognised for the present value of expected future costs to 'make good' or remove the Group's plant and equipment from the property of its customers at the end of the relevant contracts.

Note 13 – Issued capital

	2018 $'000	2017 $'000
Authorised Shares		
859,157,346 (2017 – 717,074,558) fully paid ordinary shares	**355,287**	**353,129**

MOVEMENT IN ORDINARY SHARE CAPITAL:		NUMBER OF SHARES	ISSUE PRICE $ PER SHARE	$'000
30/06/16	**Balance at end of financial year**	**563,368,990**		**351,908**
20/03/17	Shares issued pursuant to share placement	84,505,348	0.0095	803
26/04/17	Shares issued pursuant to rights issue	69,200,220	0.0090	623
	Share issue costs			(205)
30/06/17	**Balance at end of financial year**	**717,074,558**		**353,129**
10/11/17	Shares issued pursuant to share loan plan [1]	43,024,500		-
22/12/17	Shares issued pursuant to share purchase plan	127,741,288	0.0180	2,299
23/04/18	Buy-back of share loan plan shares [2]	(28,683,000)		-
	Share issue costs			(141)
30/06/18	**Balance at end of financial year**	**859,157,346**		**355,287**

1 Shares issued pursuant to a share loan plan have been accounted for as an option. Further details are set out in note 19.
2 Loan share plan shares were cancelled upon failure to satisfy vesting conditions.

TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

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

SHARE APPRECIATION RIGHTS (SARS)

In addition to the ordinary shares, the Company has issued Share Appreciation Rights (SARs) to Key Management Personnel. The SARs can convert into Ordinary Shares upon the satisfaction of certain vesting conditions. Further details are set out in note 19.

MOVEMENT IN SHARE APPRECIATION RIGHTS:		NUMBER OF SARS
30/06/16	**Balance at end of financial year**	**-**
16/12/16	SARs issued	20,000,000
30/06/17	**Balance at end of financial year**	**20,000,000**
10/11/17	SARs issued	4,061,958
28/03/18	SARs cancelled	(24,061,958)
30/6/18	**Balance at end of financial year**	**-**

Note 14 – Reserves

	2018 $'000	2017 $'000
Share based payment reserve	59	48
Foreign currency translation reserve	12	12
	71	**60**
RECONCILIATION OF RESERVES		
Carrying amount at beginning	60	8
Net share based payments expense recognised	11	48
Recognition of foreign currency translation reserve	-	4
	71	**60**

Note 14 – Reserves continued...

NATURE AND PURPOSE OF RESERVES

Share based payment reserve

The employee share based payment reserve is used to record the value of share appreciation rights and share loan plan shares granted to employees, including Key Management Personnel, as part of their remuneration. Refer to note 19 for further details.

Foreign currency translation reserve

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

Note 15 – Expenditure commitments

GEOTHERMAL TENEMENT COMMITMENTS

In order to maintain current rights of its geothermal tenements, the Company is required to outlay annual rentals and to meet certain expenditure requirements of the Department of State Development, South Australia. These obligations are subject to renegotiation upon expiry of the tenements. The obligations are not provided for in the financial report and are payable as follows:

	2018 $'000	2017 $'000
Payable not later than one year	50	50

OPERATING LEASES (NON-CANCELLABLE)

The Group leases or holds licences to occupy various offices and other operational areas for terms of up to 18 years. Under some of the agreements, the Group has an option to extend the lease or licence for additional periods on various terms. Future payments for some licences escalate annually at a rate which approximates expected inflation rates.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2018 $'000	2017 $'000
Payable within one year	208	42
Payable later than one year but not later than five years	425	-
Payable later than five years	727	-
	1,360	42

OTHER CAPITAL COMMITMENTS

The Group is committed to completing construction of a number of solar and bioenergy projects which are in progress at the end of the reporting period. The expected remaining cost of completing these projects which has not been recognised as liabilities is as follows:

	2018 $'000	2017 $'000
Property, plant and equipment	**877**	6,445

Note 16 - Earnings per share

	2018 CENTS PER SHARE	2017 CENTS PER SHARE
Basic and diluted earnings/(loss) per share attributable to the equity holders of the Company:		
From continuing operations	(0.68)	(1.10)
From discontinued operations	0.03	(0.02)
	(0.65)	(1.12)

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:	2018 $'000	2017 $'000
Net profit/(loss) attributable to equity shareholders:		
From continuing operations	(5,510)	(6,598)
From discontinued operations	287	(109)
	(5,223)	**(6,707)**

	SHARES	SHARES
Weighted average number of ordinary shares used in calculation of basic and diluted earnings per share	**805,573,420**	**599,307,510**

As the Group has generated a loss, potential ordinary shares have been deemed to be anti-dilutive.

Note 17 - Segment information

The Company operates in three segments, being: solar; bioenergy; and geothermal energy exploration and evaluation. The geothermal segment exists only to complete remediation activities. All operations are located in Australia.

Operating segments are identified on the basis of internal reports that are regularly reviewed and used by the Managing Director and Board of Directors (chief operating decision makers) in order to allocate resources to the segment and assess its performance. The financial information presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Financial Position is the same as that presented to the chief operating decision makers.

Group assets and liabilities are not presented by segment to the chief operating decision makers.

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

The following table represents revenue and profit information for the Group's operating segments for the year ended 30 June 2018.

YEAR ENDED 30 JUNE 2018						RECONCILIATION TO LOSS FROM DISCONTINUED OPERATIONS AFTER TAX	
	BIOENERGY $'000	SOLAR $'000	GEOTHERMAL $'000	CORPORATE $'000	SEGMENT TOTALS $'000	DISCONTINUED OPERATIONS* $'000	CONSOLIDATED $'000
Revenue and income							
- From external customers	977	236	99	-	**1,312**	(870)	**442**
- Interest income	4	-	-	105	**109**	(2)	**107**
Expenses	(1,102)	(1,673)	(224)	(3,147)	**(6,146)**	321	**(5,825)**
EBITDA	**(121)**	**(1,437)**	**(125)**	**(3,042)**	**(4,725)**	**(551)**	**(5,276)**
Depreciation	(264)	(53)	-	(11)	**(328)**	264	**(64)**
Borrowing transaction costs	-	(95)	-	-	**(95)**	-	**(95)**
Interest expense	-	(31)	-	(7)	**(38)**	-	**(38)**
Income tax expense	(37)	-	-	-	**(37)**	-	**(37)**
Loss after tax	**(422)**	**(1,616)**	**(125)**	**(3,060)**	**(5,223)**	**(287)**	
Loss from continuing operations after tax							**(5,510)**

**Discontinued operations relate entirely to the Bioenergy segment*

Note 17 - Segment information continued...

YEAR ENDED 30 JUNE 2017

	BIOENERGY $'000	SOLAR ENERGY $'000	GEOTHERMAL $'000	CORPORATE $'000	SEGMENT TOTALS $'000	RECONCILIATION TO LOSS FROM DISCONTINUED OPERATIONS AFTER TAX DISCONTINUED OPERATIONS $'000	CONSOLIDATED $'000
Revenue and income							
- From external customers	896	-	-	-	**896**	(265)	**631**
- Interest income	-	-	-	290	**290**	-	**290**
Expenses	(2,385)	(106)	(418)	(3,878)	**(6,787)**	283	**(6,504)**
EBITDA	**(1,489)**	**(106)**	**(418)**	**(3,588)**	**(5,601)**	**18**	**(5,583)**
Depreciation / impairment	(1,096)	-	-	(6)	**(1,102)**	91	**(1,011)**
Interest expense	-	-	-	(4)	**(4)**		**(4)**
Loss after tax	**(2,585)**	**(106)**	**(418)**	**(3,598)**	**(6,707)**	**109**	
Loss from continuing operations after tax							**(6,598)**

**Discontinued operations relate entirely to the Bioenergy segment*

MAJOR CUSTOMERS

Revenues attributed to the bioenergy segment are derived from a number of significant customers who each account for greater than 10% of the Group's revenue. Revenues earned from each of these customers during the year were: $267,000 (2017: $134,000); and $215,000 (2017: nil) respectively.

Note 18 – Remuneration of Auditors

	2018 $	2017 $
Amounts received or due and receivable by BDO Audit Pty Ltd for:		
An audit or review of the financial report of the entity	45,000	-
Other assurance services	4,500	-
	49,500	**-**
Amounts received or due and receivable by previous auditor, Ernst & Young Australia for:		
An audit or review of the financial report of the entity	7,146	126,205
Other assurance services	-	20,632
	7,146	**146,837**

Note 19 – Share based payments

LOAN SHARE PLAN

At the 2017 AGM, shareholders approved a Loan Share Plan (LSP) to retain, motivate and attract executives and to better align the interests of employees with those of the Group and its shareholders by providing an opportunity for employees to acquire shares subject to the terms and conditions of the LSP (Plan Shares).

The Plan Shares are issued or transferred to the participants in the LSP, determined by the Board in its absolute discretion, at market value. The Group may provide a limited recourse loan to eligible employees who are invited to participate in the LSP to assist them to purchase Plan Shares (Loan).

On 9 November 2017, the Company granted 43,024,500 LSP Shares to executives of the Company pursuant to the LSP. The Plan Shares granted will only vest if the executive has been employed for 12 months from the grant date and the Company's volume-weighted average share price has been at least $0.04 per share for 30 trading days.

The executives were provided with limited recourse, interest-free loans to fund the acquisition of the Plan Shares. The loans are repayable after 10 years or earlier in specific circumstances, including if the executive ceases employment or sells the shares. The executive may return the shares instead of repaying the loan.

The issue price of the shares was $0.0172 each with an aggregate loan value of $740,022.

As the Company has no right to receive cash settlement for the loan (the executive can elect to forfeit the shares), no loan receivable has been recognised by the Company. The effect of the contractual arrangements is equivalent to an option exercisable at the time of loan repayment at an exercise price of $0.0172 per share. As a result, the grant of Plan Shares has been valued using an option pricing model and the fair value recognised in profit and loss over the expected vesting period.

The fair value of Plan Shares granted during the year was $0.0088 per option, as determined using a Monte-Carlo simulation valuation methodology based on the grant date of the Plan Shares. The model inputs included: a base share price at grant date of $0.018; a deemed exercise price of $0.0172; a risk-free interest rate of 3.01%; an expected exercise period of 7.7 years; no dividends being payable during the exercise period; and expected price volatility of the Company's shares of 106.16%, based on historic volatility to the grant date.

PLAN SHARES 2018

GRANT DATE	EXERCISE PRICE	EXPIRY DATE	BALANCE AT THE START OF THE YEAR NUMBER	GRANTED DURING THE YEAR NUMBER	FORFEITED DURING THE YEAR NUMBER	BALANCE AT THE END OF THE YEAR[1] NUMBER
9/11/2017	$0.0172	9/11/2027	-	43,024,500	(28,683,000)	14,341,500
Weighted average fair value				$0.0088	($0.0088)	$0.0088

1 No Plan Shares were exercisable at the end of the year and the weighted average remaining contractual life of the Plan Shares at the end of the year was 9.36 years.

No Plan Shares were granted prior to the current financial year.

SHARE APPRECIATION RIGHTS (SARS)

The ReNu Energy Share Appreciation Rights (SARs) Plan was approved by shareholders in 2013.

The objective of the ReNu Energy SARs Plan is to align the interests of eligible employees with those of shareholders; provide incentives to attract, retain and/or motivate eligible employees in the interests of the company; and provide eligible employees with the opportunity to acquire Share Appreciation Rights, and ultimately Shares, in accordance with the plan rules.

SARs are rights to receive shares in the Company or an equivalent cash payment based on the increase in the Company's share price over a specified period. For any of the SARs to vest, the Company's share price must first achieve a minimum share price of $0.05. This performance condition is tested at the earliest vesting date and any SARs that do not vest at the vesting date are then retested every subsequent 6 months (to a maximum of four re-tests).

The number of SARs that vest at each vesting date is determined as:

$$\text{NUMBER OF SARS} \times \frac{\text{Market price of the Company's shares at the vesting date less \$0.0297}}{\text{Market price of the Company's shares at the vesting date}}$$

The SARs lapse if the executive ceases employment with the Company.

At the reporting date there are no SARs on issue and it is intended that the Loan Share Plan will replace the SARs Plan as the preferred long term incentive plan for the Company.

The fair value of SARs granted during the year was $0.0067 and $0.0077 per SAR for tranches expiring 2020 and 2021 respectively, as determined using a Monte-Carlo simulation valuation methodology based on the grant date of the SARs. The model inputs included: a base share price at grant date of $0.02; a deemed exercise price of $0.0297; a risk-free interest rate of 2.09% / 2.50%; an expected exercise period of two and three years; retesting period of 2 years; no dividends being payable during the exercise period; and expected price volatility of the Company's shares of 88.75% / 81.45% %, based on historic three year volatility to the grant date.

Note 19 – Share based payments continued...

SARS 2018 GRANT DATE	EARLIEST VESTING DATE	EXPIRY DATE	BALANCE AT THE START OF THE YEAR NUMBER	GRANTED DURING THE YEAR NUMBER	FORFEITED DURING THE YEAR NUMBER	BALANCE AT THE END OF THE YEAR[1] NUMBER
25/11/2016	11/1/2018	11/1/2020	10,000,000	-	(10,000,000)	-
10/11/2017	11/1/2018	11/1/2020	-	2,030,979	(2,030,979)	-
25/11/2016	11/2/2019	11/1/2021	10,000,000	-	(10,000,000)	-
10/11/2017	11/2/2019	11/1/2021	-	2,030,979	(2,030,979)	-
Total SARs			20,000,000	4,061,958	(24,061,958)	-
Weighted average fair value			$0.0040	$0.0072	($0.00450)	

1 No SARs were exercisable at the end of the year and the weighted average remaining contractual life of the SARs at the end of the year was nil years.

SARS 2017 GRANT DATE	EARLIEST VESTING DATE	EXPIRY DATE	BALANCE AT THE START OF THE YEAR NUMBER	GRANTED DURING THE YEAR NUMBER	FORFEITED DURING THE YEAR NUMBER	BALANCE AT THE END OF THE YEAR[1] NUMBER
16/12/2016	11/1/2018	11/1/2020	-	10,000,000	-	10,000,000
16/12/2016	11/2/2019	11/1/2021	-	10,000,000	-	10,000,000
Total SARS			**-**	**20,000,000**	**-**	**20,000,000**
Weighted average fair value				$0.0040	-	$0.0040

1 No SARs were exercisable at the end of the year and the weighted average remaining contractual life of the SARs at the end of the year was 3.03 years.

Note 20 – Key Management Personnel

The Key Management Personnel of the Group for the financial year were:

NAME	POSITION	2018	2017
Directors			
S. McLean	Chairman	Full year	From 14/3/2017
R. Brimblecombe	Non-executive Director	Full year	Full year
A. Rohner	Non-executive Director	Full year	From 14/3/2017
Executives			
C. Ricato	Acting CEO	From 5/4/2018	-
C. Murray	Managing Director and CEO	To 28/3/2018	Full year
W. Leitao	Chief Operating Officer	From 5/4/2018	-
D. Galvin	CFO and Company Secretary	From 28/8/2017	-
T. Pritchard	CFO and Company Secretary	To 15/9/2017	Full year

In 2017, Directors J. Hamilton, G. Miltenyi, and K. Spence, and executive A. Mills resigned during the year.

COMPENSATION OF KEY MANAGEMENT PERSONNEL	2018 $	2017 $
Short-term employee benefits	953,941	918,429
Post-employment benefits	61,450	79,515
Termination benefits	263,337	-
Share based payment	10,938	47,842
	1,289,666	**1,045,786**

Further information on remuneration of Key Management Personnel is shown in the Remuneration Report contained within the Directors' Report.

Note 21 – Related party disclosures

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

FinClear

The Group engaged FinClear Execution Limited to provide services in relation to corporate finance advisory services. The key resource from FinClear is S. McLean (Non-executive Chairman). The mandate was for a period of four months commencing 1 May 2017. Fees of $50,000 (2017: $50,000) were payable during the year.

Note 22 - Notes to the Cash Flow Statement

	2018 $'000	2017 $'000
A. RECONCILIATION OF CASH		
Cash balance comprises:		
Cash at bank	1,358	1,523
Term deposits	95	9,367
Total cash – excluding cash held by disposal group held for sale	**1,453**	**10,890**
B. RECONCILIATION OF THE OPERATING LOSS AFTER TAX WITH THE NET CASH FLOWS USED IN OPERATIONS		
Loss after income tax	(5,223)	(6,707)
Depreciation and amortisation	328	102
Net (profit)/loss on disposal of property, plant & equipment	-	(1)
Share based payments expense	11	48
Impairment of Goodwill	-	1,000
Items treated as cash flows from investing activities:		
Exploration and evaluation costs	179	1,332
Proceeds from joint venture recoveries	(53)	-
Proceeds from R&D tax incentive	(130)	-
Payment of rectification obligations	5	-
Items treated as cash flows from financing activities:		
Transaction costs of loans and borrowings	76	-
Changes in Assets & Liabilities		
(Increase)/decrease in receivables and prepayments	(320)	83
Increase/(decrease) in other creditors and accruals	158	(260)
Decrease in inventories	11	188
Decrease in provisions	(45)	(376)
Net Cash Flow used in Operating Activities	**(5,003)**	**(4,591)**

Note 23 – Contingent liabilities

OBLIGATION TO DELIVER AUSTRALIAN CARBON CREDIT UNITS (ACCUS)

A Group entity has an entitlement to generate ACCUs relative to the number of tonnes of carbon dioxide equivalent net abatement achieved by the relevant project. The Group has an obligation to deliver ACCUs to the Commonwealth Government under a Carbon Abatement Contract, and will receive a contracted price per ACCU, in accordance with an agreed delivery schedule. If the Group fails to generate sufficient ACCUs to meet a delivery obligation, then a penalty is payable, equal to the difference between the market price of the ACCUs and the contracted price. Alternatively, the Group may acquire ACCUs on market to satisfy its delivery obligation. As the Group's ultimate financial exposure (if any) will be determined by its future ability to generate ACCUs and the market price of ACCUs relative to the contracted delivery price, it is not practicable to estimate the financial effect at the next scheduled delivery date, 30 June 2019 or subsequent dates.

BANK GUARANTEES

The Group's bankers have issued bank guarantees as security for various obligations:

(a) To relevant Government authorities in respect of tenement rehabilitation obligations of the Company: $150,000 (2017: $240,000);

(b) To electricity retailers in respect of the obligations of a Group entity to acquire electricity: $52,000 (2017: nil);

(c) To a landlord for the lease of the Brisbane office premises by the Company: $37,597 (2017: $37,597);

(d) To a landlord for licences held by a Group entity to access and occupy rooftop solar installation areas: $10,000 (2017: $10,000); and

(e) To a bank as security for a transactional banking facility held by a Group entity: $6,000 (2017: nil).

As noted in note 7, these amounts are secured over cash deposits.

Note 24 – Subsequent events

ISSUE OF SHARES

On 27 July 2018, the Company issued 106,113,451 new ordinary shares pursuant to an entitlements issue, raising $1,273,361.

SALE OF SUBSIDIARY

On 17 July 2018, the Group settled the sale of a 70% interest in its wholly-owned subsidiary RE Holding Company One Pty Ltd and units in the RE Holding Trust One for $2,800,000. No material gain or loss on sale is expected to result from the transaction.

APPOINTMENT OF MANAGING DIRECTOR

On 6 July 2018, Mr C. Ricato was appointed as Managing Director and CEO of the Company. The Company has agreed to issue to Mr Ricato (subject to shareholder approval), three tranches of 28.85 million shares pursuant to the Loan Share Plan (Plan Shares), with each tranche having an earliest vesting date of 6 July 2019 and the Company's share price having achieved a 20-trading day volume weighted average price (VWAP) in excess of $0.02, $0.04 and $0.05 for each of the three tranches respectively. Unvested shares vest upon a change of control of the Company.

If the grant of Plan Shares is approved by shareholders, the shares will be issued at an issue price calculated over a 30-day trading period ending on the date immediately prior to the issue date and Mr Ricato will be provided with an interest-free, non-recourse loan for the value of the shares.

There has not arisen between 30 June 2018 and the date of this report any other item, transaction or event of a relevant and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company.

WAIVER OF BORROWING COVENANTS

Subsequent to the end of the period, the Group received confirmation of a waiver of a borrowing covenant for a loan outstanding at the balance date. If this waiver had been granted prior to the balance date, then $1,186,000 disclosed as a current borrowing in the Consolidated Statement of Financial Position would have been disclosed as a non-current borrowing.

Note 25 – Financial risk management

The Group's principal financial instruments comprise cash, short-term deposits and borrowings. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations. The Group does not trade in financial instruments. The main risks arising from the Group's financial instruments are credit risk and liquidity risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Primary responsibility for identification and control of financial risks rests with the board of Directors, however the day-to-day management of these risks is under the control of the Managing Director and Chief Financial Officer. The Board agrees the strategy for managing future cash flow requirements and projections.

(A) CREDIT RISK

The Group's maximum exposures to credit risk at balance date in relation to financial assets, is the carrying amount of those assets as recognised on the statement of financial position. There are no derivative financial instruments currently being used by the Group to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties for material transactions and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. The Group's retail business does have exposure to small business customers for whom credit records may not be readily available, however individual exposures have not been assessed as posing a material credit risk to the Group. Details of receivables which are past due, but not impaired are set out in note 7.

(B) LIQUIDITY RISK

The Group's objective is to maintain adequate capital to finance its current operations and near-term growth opportunities while maintaining sufficient funds to meet its obligations in the event of a business downturn. The Group plans to introduce conservative levels of debt financing to fund its growth plans, with repayment profiles which match the expected cash flows from the relevant business operations. The Group's financial liabilities and their contractual maturities are:

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES

2018	LESS THAN 6 MONTHS $'000	BETWEEN 6 MONTHS & 1 YEAR $'000	BETWEEN 1 YEAR & 2 YEARS $'000	BETWEEN 2 YEARS & 5 YEARS $'000	TOTAL CONTRACTUAL CASH FLOWS $'000	TOTAL CARRYING VALUE $'000
Trade payables	2,630	-	-	-	**2,630**	2,630
Borrowings	211	139	150	1,350	**1,850**	1,431
Liabilities directly associated with assets held for sale	19	-	-	-	**19**	19
Total financial liabilities	**2,860**	**139**	**150**	**1,350**	**4,499**	**4,080**

2017	LESS THAN 6 MONTHS $'000	TOTAL CONTRACTUAL CASH FLOWS $'000	TOTAL CARRYING VALUE $'000
Trade payables	1,752	**1,752**	1,752
Total financial liabilities	**1,752**	**1,752**	**1,752**

(C) MARKET RISK

Currency risk

The Group does not have any material exposure to foreign currency risk (2017: nil), but may cover the expected cost of firm orders denominated in foreign currencies with forward contracts from time to time.

Interest rate risk

The Group's cash balances are held in a combination of interest-bearing term deposits and bank accounts. For each 10% movement in the interest rate, the Group's profit/loss after tax would increase/decrease by $2,000 if the year end cash balance was invested at those rates for 12 months.

The Group's borrowings are at fixed rates of interest and there is no exposure to interest rate risk.

Note 26 – Information relating to ReNu Energy Limited (The Parent)

	2018 $'000	2017 $'000
Current Assets	8,108	13,811
Total Assets	12,748	14,710
Current Liabilities	(3,933)	(2,717)
Total Liabilities	(4,160)	(3,006)
Contributed Equity	355,287	353,129
Accumulated Losses	(346,762)	(341,485)
Other Reserves	63	60
	8,588	**11,704**
Profit or loss of the Parent Entity	(5,277)	(6,708)
Total comprehensive income of the Parent Entity	(5,277)	(6,708)

GUARANTEES ENTERED INTO BY THE PARENT ENTITY

ReNu Energy Limited has provided unsecured guarantees to:

(a) the Australian Renewable Energy Agency (ARENA) in respect of the obligations of ReNu Energy Limited's wholly-owned subsidiary, SM Project Company Pty Ltd under a funding agreement with ARENA;

(b) a customer of its wholly-owned subsidiary, SM Project Company Pty Ltd in respect of its obligations under a Power Purchase Agreement;

(c) a financier of its wholly-owned subsidiary, SP Project Company One Pty Ltd for the repayment of borrowings with a carrying value of $1,244,000 (2017: nil);

(d) its wholly owned subsidiary EN Project Company One Pty Ltd in support of its obligations to the Essential Services Commission of South Australia under an electricity generation licence; and

(e) its wholly owned subsidiary ReNu Energy Retail Pty Ltd in support of its obligations under the National Energy Retail Law as holder of a Retailer Authorisation.

CONTRACTUAL OBLIGATIONS

In order to maintain current rights of its geothermal tenements, ReNu Energy Limited is required to outlay annual rentals and to meet certain expenditure requirements of the Department of State Development, South Australia. These obligations are subject to renegotiation upon expiry of the tenements.

ReNu Energy Limited is committed to completing construction of a number of solar and bioenergy projects which are in progress at the end of the reporting period on behalf of its wholly-owned subsidiaries. The obligations are not provided for in the financial report and are payable as follows:

	2018 $'000	2017 $'000
Geothermal obligations: payable not later than one year	**50**	50
Property, plant and equipment: payable not later than one year	**877**	6,445
	927	6,495

CONTINGENT LIABILITIES

ReNu Energy Limited's bankers have issued bank guarantees as security for various obligations of other Group entities:

(a) To electricity retailers in respect of the obligations of a Group entity to acquire electricity: $52,000 (2017: nil); and

(b) To a landlord for licences held by a Group entity to access and occupy rooftop solar installation areas: $10,000 (2017: $10,000).

As noted in note 7, these amounts are secured over ReNu Energy Limited's cash deposits.

DIRECTORS' DECLARATION

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

1. In the opinion of the Directors:

   The financial statements, notes and additional disclosures included in the Directors' Report designated as audited of the Company are in accordance with the *Corporations Act 2001*, including:

   (a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of their performance for the period ended on that date; and

   (b) complying with Accounting Standards and Corporations Regulations 2001;

   (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

   (d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ended 30 June 2018.

On behalf of the Board.

CRAIG RICATO
Managing Director

Brisbane
30 August 2018

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RENU ENERGY LIMITED

Report on the Audit of the Financial Report

OPINION

We have audited the financial report of ReNu Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ACCOUNTING FOR THE ACQUISITION OF THE AMAROO SOLAR PROJECT

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
During the year, the Group acquired the Amaroo Solar PV Project assets, as disclosed in note 9 to the financial statements. The accounting for this acquisition is a key audit matter as the transaction was material to the Group and the decision to account for the transaction as an asset acquisition involved significant judgments made by the Group. As a result, we were required to critically evaluate the assessment of the transaction and the cost allocated to the asset.	We have critically evaluated the assessment of the acquisition including: • Reviewing the sale and purchase agreements to understand the terms and conditions of the acquisition and evaluating management's application of the relevant accounting standards • Obtaining an understanding of the transaction including an assessment of whether the transaction constituted a business combination or an asset acquisition • Vouching the cost of the asset • Assessing the appropriateness of the accounting for Grant income in relation to the project • Assessing the appropriateness of the Group's disclosure in respect of the acquisition

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RENU ENERGY LIMITED CONTINUED...

ACCOUNTING FOR DISPOSAL OF THE GOULBURN BIOENERGY PROJECT

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
As disclosed in note 4 to the financial statements, on 12 June 2018, the Group announced the sale of 70% interest in ReNu Energy's Goulburn Bioenergy Project. The sale was finalised on 17 July 2018. The associated asset has been recognised as 'held for sale' in the 30 June 2018 statement of financial position. This was determined to be a key audit matter because the sale of the Goulburn Bioenergy Project represents a significant transaction to the Group.	In assessing the accounting treatment applied to this disposal, our audit procedures included, among others: • Examining the underlying documentation to support the transaction to consider if the classification as a 'held for sale' asset is appropriate and in line with the criteria in AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* • Assessing the carrying amount of the disposed assets, debts and liabilities at date of disposal and recalculated whether any gain or loss is to be recognised from disposal • Assessing the separate disclosure requirements of a 'held for sale' asset in the statement of financial position and the impact on other disclosures within the consolidated financial statements; and • Challenging management's estimates and assumptions in determining costs to sell.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information contained in the Directors' Report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RENU ENERGY LIMITED CONTINUED...

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORT

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

OPINION ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 24 to 30 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of ReNu Energy Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

RESPONSIBILITIES

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO AUDIT PTY LTD

BDO
RMSwaby

R M SWABY
Director
Brisbane, 30 August 2018

CORPORATE GOVERNANCE & SHAREHOLDER INFORMATION

The Board of Directors of ReNu Energy Limited are responsible for the corporate governance of the Company and are committed to achieving and demonstrating the highest standards of corporate governance.

ReNu Energy Limited's corporate governance practices were in place throughout the year ended 30 June 2018 and were fully compliant with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) except for the following:

Recommendation 1.5(a) – *Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.* The Company has adopted a Diversity Policy that encourages the participation and provision of opportunity to all people interested in working at ReNu Energy. As the Company has a relatively small workforce with many roles requiring specific skills that may not be widely available, the Company has not deemed it appropriate to set specific numeric targets as these could be inappropriately skewed by the small sample size. ReNu Energy currently has participation from a diverse workforce.

Recommendation 1.5(c)(1) – *Companies should disclose at the end of each reporting period the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.* The Company has adopted a Diversity Policy that encourages the participation and provision of opportunity to all people interested in working at ReNu Energy. As the Company has a relatively small workforce with many roles requiring specific skills that may not be widely available, the Company does not believe it appropriate to publish specific employment numbers as Company does not believe this information adds any meaningful value due to its small workforce.

Recommendation 2.4 – *A majority of the Board should be independent.* The Company did not satisfy this condition for the financial year ended 30 June 2018, as 50% of its Directors were not independent. However, with the appointment of Mr Tony Louka as a Director on 5 October 2018, at least 50% of the Board can be considered independent from that date. The Board believes that it is currently structured to act in the best interest of the shareholders and its composition is appropriate at the current time.

Recommendations 4.1 and 7.1 – *The Board of a listed entity should have an audit committee and a risk committee which has at least three members, all of whom are Non-executive directors and a majority of whom are independent directors.* The Company did not satisfy this recommendation for the financial year ended 30 June 2018 as its Audit and Risk Management Committee (Committee) had two members, both of whom were Non-executive Directors, and one of which was an independent Director. However, with the appointment of Mr Tony Louka to the Committee on 5 October 2018, the Committee comprises of three members, of which a majority are independent. The Company considers that given the size and composition of the Board, the current members of the committee are sufficient to exercise independent judgement in relation to the Company's corporate reporting processes to satisfy its responsibilities.

Recommendation 8.1 – *The Board of a listed entity should have a remuneration committee which has at least three members, all of whom are non-executive directors and a majority of whom are independent directors.* The Company does not satisfy this recommendation as its Remuneration and Nomination Committee has two members, both of whom are Non-executive Directors and one of who is an independent Director. The Company considers that given the size and composition of the Board, the current members of the committee are sufficient to exercise independent judgement in order to satisfy its responsibilities.

ReNu Energy's Corporate Governance Statement can be downloaded in the Governance section of our website http://renuenergy.com.au/about-us/governance/.

Distribution of Fully Paid Ordinary Shares

Analysis of number of equity holders by size and holding as at 12 October 2018

RANGE	NO. OF HOLDERS	SECURITIES	% OF ISSUED CAPITAL
100,001 and Over	1,127	826,829,480	85.66
10,001 to 100,000	3,273	114,874,649	11.90
5,001 to 10,000	1,674	12,446,810	1.29
1,001 to 5,000	3,604	9,942,847	1.03
1 to 1,000	2,088	1,177,011	0.12
Total	**11,766**	**965,270,797**	**100.00**
Unmarketable Parcels	10,023	91,453,235	9.47

Twenty Largest Holders

RANK	NAME	SHARES HELD	% OF ISSUED CAPITAL
1	Borneo Capital Pty Ltd	32,944,943	3.41
2	Tata Power International Pte Limited	29,400,000	3.05
3	North Western Surveys Pty Ltd	27,371,524	2.83
4	Stockton Capital Management Pty Ltd	20,653,158	2.14
5	Indevco Group Holdings Pty Limited	16,493,335	1.71
6	Pacific Custodians Pty Limited	14,341,500	1.49
7	Investor View Pty Ltd	13,505,291	1.40
8	Jetosea Pty Ltd	13,041,455	1.35
9	Hirlgrove Pty Ltd	11,615,468	1.20
10	Mymoney Pty Ltd	10,747,291	1.11
11	Johan A Le Roux	10,376,311	1.07
12	Jasmiin Enterprises Pty Ltd	9,901,296	1.03
13	Trinity Management Pty Ltd	8,373,155	0.87
14	Appwam Pty Ltd	7,157,979	0.74
15	Bennanon Capital Pty Ltd	6,846,418	0.71
16	J P Morgan Nominees Australia Limited	6,572,833	0.68
17	Flukes Superannuation Pty Ltd	6,509,488	0.67
18	Nestegg No 1 Pty Limited	6,000,000	0.62
19	Nurturing Evolutionary Development Pty Ltd	5,850,000	0.61
20	Cooee Investments Pty Ltd	5,179,499	0.54
	Total	**262,880,944**	**27.23**

Substantial Shareholders

As at 12 October 2018 ReNu Energy had no substantial shareholders in accordance with section 671B of the Corporations Act 2001.

Voting Rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options:

No voting rights.

Securities Exchange Listing

The shares of the Company are listed under the symbol RNE on the Australian Securities Exchange Limited. The Company's home branch is Sydney.

Shareholder Enquiries

Shareholders with queries about their shareholdings should contact the Company's Share Registry as follows:

Link Market Services
Locked Bag A14
Sydney South NSW 1235

Telephone Australia: 1300 554 474
Telephone International: +61 1300 554 474
Fax +61 2 9287 0303

Email: registrars@linkmarketservices.com.au

Change of Address

Issuer sponsored shareholders should notify the share registry immediately upon any change in their address quoting their Securityholder Reference Number (SRN). This can be done by phoning the share registry, by writing to them, or through their web portal at www.linkmarketservices.com.au. Changes in addresses for broker sponsored holders should be directed to the sponsoring brokers with the appropriate Holder Identification Number (HIN).

Annual Report

The Company's Annual Report is posted on its web site immediately upon release to ASX. Shareholders will not be mailed a copy of the Annual Report unless they have specifically opted in to request one.

Notice of Meeting and Proxy Voting

The Company offers online voting and shareholders may elect to receive the Company's notice of meeting and proxy form via email. The Company encourages this form of electronic communication. Voting can be undertaken online, by logging in to the Link website using the holding details as shown on the proxy form. Shareholders who do not register for online access will continue to receive these documents by post. Shareholder who would like to opt in to receive these documents by email should register their communication preferences at the share registry's web portal at www.linkmarketservices.com.au

Consolidation of Multiple Shareholdings

If you have multiple shareholding accounts that you wish to consolidate into a single account, please advise the Share Registry in writing. If your holdings are broker sponsored, please contact the sponsoring broker directly.

Register for Email Alerts

Please note, that as a shareholder you can register through the 'Email Alerts' section of our web site to receive electronic communications from the Company. To do so, you should select the 'Investor Centre' tab on our web site at www.renuenergy.com.au. Registration will provide you with an email advice with a link to www.renuenergy.com.au each time a relevant announcement is made by the company and posted on this site.

At www.renuenergy.com.au shareholders can view:

- Annual and half-year Reports
- Securities Exchange Announcements
- Renu Energy Share Price Information
- General Shareholder Information

CORPORATE DIRECTORY

Board of Directors

Mr Steve McLean (Non-executive Chairman)
Mr Richard Brimblecombe (Non-executive Director)
Mr Anton Rohner (Non-executive Director)
Mr Craig Ricato (from 6 July 2018) (Managing Director and CEO)
Mr Tony Louka (from 5 October 2018) (Non-executive Director)

Company Secretary

Mr Damian Galvin BBus (Acc), CA (from 4 September 2017)

Principal and Registered Office

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Banker

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Auditor

BDO

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Fax: +61 2 9287 0303
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Website: www.linkmarketservices.com.au
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Securities Exchange Listing

ReNu Energy Limited shares are listed on the Australian Securities Exchange. Ticker: RNE

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