2019 Annual Report

ABN: 55 095 006 090

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Chairman's & CEO's Letter

Dear Shareholders

The 2019 financial year under review was a period of active project initiation to grow ReNu Energy's renewable portfolio consistent with the strategy presented at last year's AGM. Board and Management undertook extensive market investigations examining potential debt and equity funding options available to ReNu Energy to fund new renewable energy projects in the development pipeline and support operating activities. These activities were not successful in securing the necessary funding required by the Company to continue the planned developments within all areas of the portfolio.

Divestment of solar assets & retail license

A significant development post the 30 June balance date was the completion in September of the sale of the Group's existing Embedded Network Operations, including the energy retail authorisation, and the Amaroo Solar PV facility to CleanPeak Energy for a total consideration of $5,775,000.

The sale of the solar PV operations provided ReNu Energy with the capital to repay all debt, continue operations and undertake a considered assessment of the existing bioenergy asset base as well as the geothermal exploration program remediation obligations in the Cooper Basin.

A material and corresponding change in the Company's resources and staffing requirements has been undertaken, including an office relocation to a more appropriate space. The Board is continuing with a strategic review of operations.

Board and Management Changes

The strategic review undertaken by the Board and executive team to date, has critically assessed the Company's current cost structure with tangible changes implemented to ensure that overhead costs are significantly reduced during the current transition period.

The changes include the appointment of Board member Mr Tony Louka as interim CEO and Managing Director following the resignation of Craig Ricato (on 30 September), the transition from a full-time to part-time CFO and Company Secretary, and the resignation of our Chief Operating Officer, Warren Leitao. These changes are in line with our stated intention of immediately reducing overhead costs following the CleanPeak Energy transaction, while the company reviews future opportunities and focusses on geothermal remediation activities.

Operations

During the 2018/19 financial year the operational focus of the business has been the supply of electricity from its portfolio of renewable generation assets. Key activities during the year included:

- Supply and sale of 9.9GWh of electricity from our portfolio of solar PV and bioenergy projects, an increase of 4.0GWh from the previous year.
- Commissioning and operation of the Solar PV embedded network sites with Shopping Centres Australia at Mount Gambier Marketplace, Murray Bridge Market Place and Lismore Plaza.
- Upgrade of a new Caterpillar generator replacement engine at our AJ Bush bioenergy facility, now awaiting safety requirement confirmation from Energy Queensland to begin use.

Financial Results

The Group's EBITDA loss of $2,781,000 for the 2019 financial year (2018: $4,725,000) was a significant improvement on the previous year, largely attributable to increased income from the solar operations. The Group's Bioenergy assets returned a positive EBITDA on an operational basis, though the overall Bioenergy business unit returned a loss, predominantly resulting from increased business development expenditure.

The Group continued to benefit from the cost cutting initiatives implemented in 2018.

On completion of the sale of the Solar PV embedded network operations and retail licence in September 2019 and the repayment of all debt, cash holdings increased by $4.25 million.

The Group's financial results for the 2020 financial year will be influenced by the sale of the solar operations, the strategic review being undertaken and the focus on minimising costs.

Year ahead – priorities

As we look to 2020 we believe the prudent approach now is to narrow the focus by completing the restructuring of the business and prioritising the close out of the Cooper Basin remediation obligation for Habanero wells 3 & 4. We are currently exploring options for engaging contractors to manage the final engineering and completion of remediation of the wells, with the aim of commencing a remediation program in early 2020. The finalising of the remediation obligations should assist in progressing corporate combination consideration and future renewable development opportunities with capital market support.

Thank you

We would also like to take this opportunity to thank the following people: Craig Ricato who resigned as CEO & Managing Director in September, Anton Rohner who resigned as Non Executive Director, Damian Galvin and Matthew Scott as CFO/Company Secretary, Warren Leitao our COO along with all the departing corporate and operational team members for their tenure, dedication and hard work for ReNu Energy. We wish them all the best in their future endeavours.

On behalf of the Board, we also acknowledge and thank you, our shareholders, who continue to support the business as we transition through this period of adjustment as we endeavour to reposition ourselves again to become a stronger renewable company in the future.

Steve McLean
Chairman

Tony Louka
Interim Managing Director

Directors' Report

Director Profiles

Your Directors submit their report for the period ended 30 June 2019. 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 AIM Listed Litigation Capital Management Ltd. Mr McLean had no other listed company directorships in the past three years. 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 Yurra Engineering, Scaffolding & Marine Pty Ltd, a majority indigenous owned company servicing the large industrial industry in Australia. 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. Mr Ricato had no other listed company directorships in the past three years. 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.

Directors' Report (Continued)

Name & Qualifications	Experience
Anton Rohner B.Bus, CPA ***Non-executive Director*** *(Retired 2 August 2019)*	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 had no other listed company directorships in the past three years. Mr Rohner was a non-executive Director of the Company from March 2017 to August 2019.

Directors' Report (Continued)

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 has had no other listed company directorships in the past three years.

Mr Brimblecombe is a member of the Company's Remuneration and Nominations Committee and Chair of the 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.

Directors' Report (Continued)

Name & Qualifications	Experience
Tony Louka MBA & MAICD ***Non-executive Director*** *(Appointed 5 October 2018)*	Mr Louka has more than 20 years of industry experience in Board, executive and management roles in the energy and retail sectors. Mr Louka was Head of Energy and Services at Woolworths Group Limited for 10 years and has previous held management roles at Ergon Energy and Emerson Network Power. He has also recently served as a Board Member of the Energy Users Association of Australia and the Transgrid Advisory Council. Mr Louka has had no other listed company directorships in the past three years. Mr Louka is a member of the Audit and Risk Management Committee.

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 energy and resources sector.

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.

The company announced in May 2019 that Mr Galvin tendered his resignation as Chief Financial Officer and Company Secretary. Mr Galvin resigned as Company Secretary effective 5 July 2019 and ceased employment with the company on 26 July 2019.

Matthew Scott

BCom, CA

Mr Scott commenced as Acting Chief Financial Officer and Company Secretary on 1 July 2019.

Mr Scott is a Chartered Accountant with more than 25 years' accounting and commercial experience in the resource, energy, health technology and professional services sectors. Matthew initially worked with PricewaterhouseCoopers in Brisbane and London before moving to the commercial sector. Matthew has held senior finance executive roles with listed and private companies where he has gained experience as an alternate Director and member of Audit and Risk Committees.

Directors' Report (Continued)

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 2019.

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 600kW (DC) solar PV project in the ACT; a 1.6MW bioenergy project at Goulburn, NSW; a 1.1MW bioenergy project in Queensland; 185kW solar PV system at Lismore Central; and a 360kW (DC) solar PV embedded network at a shopping centre in Griffith, NSW. The two other shopping centre embedded networks at Mount Gambier and Murray Bridge Marketplaces, 630kW and 980KW (DC) respectively, have had their common areas energised since August 2018 and the embedded network rollout is still subject to SA Power Networks final connection processes.

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 sale of 70% of the existing Goulburn Bioenergy and AJ Bush bioenergy operation to Resonance Industrial Water Infrastructure Fund for a combined consideration of $3.5 million.

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

Directors' Report (Continued)

Review and results of operations

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

	2019 $000	2018 $000
EBITDA – by business segment		
Bioenergy	(413)	(121)
Solar, including start-up and business development costs	(79)	(1,437)
Geothermal	118	(125)
Corporate overheads	(2,407)	(3,042)
Total Group EBITDA	**(2,781)**	**(4,725)**
Gain on sell down on interest in bioenergy business	318	-
Share of loss from associate	(81)	
Depreciation and impairment	(315)	(328)
Impairment	(508)	-
Borrowing transaction costs	(39)	(95)
Interest expense	(84)	(38)
Income tax expense	-	(37)
Loss after tax	**(3,490)**	**(5,223)**

Results

The Group's EBITDA loss of $2,781,000 (2018: $4,725,000) for the financial year was a significant improvement on the previous year, largely attributable to increase income from the solar operations, having incurred one-off start-up and business development costs in 2018. The Group also continued to benefit from the cost cutting initiatives implemented in 2018.

The Group's Bioenergy assets returned a positive EBITDA on an Operational basis. Revenue through electricity sales was lower than anticipated, as a result of extended shutdown periods at Goulburn over Christmas and Easter due to ongoing low livestock numbers as the drought worsens. The overall Bioenergy business unit returned a loss, predominantly resulting from increased business development expenditure over the period.

The solar PV assets at Amaroo and Griffith were operational for the full reporting period. The Lismore asset commenced operations in August 2018, and common areas at Mount Gambier and Murray Bridge Marketplaces were also energised in August. The ongoing regulatory and network delays to commencing retailing in the embedded networks has resulted in lower than anticipated EBITDA for the solar PV operations. The Group continued to invest considerable resources during the year in pursuing new solar opportunities and establishing its solar PV embedded network business.

Directors' Report (Continued)

Operational review

During the year ended 30 June 2019, the focus of the business has been on the supply of electricity from the portfolio of renewable generation assets, and the continued growth of the business development pipeline in solar PV and bioenergy.

Key activities during the year included:

- Entry into an alliance agreement with Resonance Industrial Water Infrastructure Fund Limited (RIWIF) with the intention to jointly develop a $100m bioenergy portfolio.
- Sale of 70% interest in the group's bioenergy assets to RIWIF, with the first transaction, the acquisition of interest in the Goulburn Bioenergy Project for consideration of $2.8 million completing in July 2018, followed by acquisition of AJ Bush bioenergy operations for a consideration if $700,000 in November 2018.
- The development of a pipeline of new bioenergy and solar project opportunities including:
    - Signed term sheet with WAMMCO for the development of an integrated solar & bioenergy project totalling 3.1MW in Western Australia.
    - Execution of a Heads of Agreement with GrainCorp for the evaluation and development of three solar pilot projects.
    - Co-operation agreement with AGO Bioenergy GmbH to unlock further waste-to-energy opportunities across the Australian and New Zealand markets.
    - Signed Term Sheets for the acquisition of 2 x 5.8MW DC solar farm developments in South Australia.
    - Heads of Agreement with the SCA Property Group to develop solar PV and embedded network systems on an additional four shopping centres.
- Supply and sale of 9.9GWh of electricity from our portfolio of solar PV and bioenergy projects an increase of 4.0GWh from the previous year.
- The raising of $1.27 million from shareholders through an Entitlement Issue in July 2018 and $0.73 million through Entitlement Issue in June 2019

Likely developments and expected results

A major focus of the Board and management is the ongoing cash flow management so as to ensure that the Group always has sufficient funds to cover its planned activities and any ongoing obligations.

At 30 June 2019, ReNu Energy had available cash of $1,425,000 and revenues from its existing portfolio of operating assets which will also contribute to the cash resources available to the Group in the future.

During the last twelve months, extensive investigations were undertaken of the potential debt and equity funding options available to the Group to fund new projects and operating activities, including offering a significantly discounted Rights Issue to existing shareholders in May 2019. These activities were not successful in securing the necessary funding required by the Company to continue the planned development within all areas of the existing portfolio.

On 2 August 2019, the Company announced that it had accepted an offer from CleanPeak Energy Pty Ltd to acquire the Group's existing Embedded Network Operations, including the energy retail authorisation, and the Amaroo Solar PV facility for a consideration of $5,775,000 less debt.

Directors' Report (Continued)

Following the completion of the transaction, the Group will continue to own and operate its bioenergy projects, undertake its Cooper Basin geothermal remediation program and review its strategic plan. The Group will only commit to new projects if it believes that it can fund them from existing cash resources or access the necessary funding.

Dividend

No dividends were declared or paid during the year ending 30 June 2019.

The Directors do not propose to recommend the payment of a dividend in respect of the period ended 30 June 2019.

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	8,806,515
R. Brimblecombe	3,281,420
T. Louka	-

Significant events after the balance date

Sale of subsidiaries

On 2 August 2019, the Group announced that it had entered into a Securities Purchase Agreement with CleanPeak Energy Pty Ltd (CleanPeak), under which CleanPeak would acquire the subsidiaries of the Group which hold its existing Embedded Network Operations, including the energy retail authorisation, and the Amaroo Solar PV facility for a consideration of $5,775,000 less debt. As a result of this transaction, The Group has recognised an impairment of $508,000 against the value of these Solar assets.

There has not arisen between 30 June 2019 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,

Directors' Report (Continued)

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 ASIC Corporations Instrument applies.

Share Options

Share appreciation rights

As at 30 June 2019 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 2019 on the exercise of share appreciation rights.

There are no options granted over unissued shares.

Directors' meetings

During the period, there were six 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	5	6	-	-	0	1
C. Ricato	6	6	3	3	1	1
R. Brimblecombe	5	6	3	3	1	1
A. Rohner	4	6	3	3	-	-
T Louka	5	5	2	3	-	-

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

Committee memberships as at 30 June 2019 and as at the date of this report are:

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

Directors' Report (Continued)

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

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 24.

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) 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	**2019 $**	**2018 $**
Amounts received or due and receivable by BDO Audit Pty Ltd for:		
Review of regulatory submissions	-	4,500
	-	4,500

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/.

Directors' Report (Continued)

Remuneration Report (Audited)

This Remuneration Report for the year ended 30 June 2019 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 FY19 (including link to performance)
5. Summary of executive contractual arrangements
6. Non-executive Director remuneration
7. Share based compensation
8. Other statutory disclosures

Directors' Report (Continued)

Remuneration Report (Audited) (continued)

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 (ceased 2 August 2019)	Director
T. Louka (commenced 5 October 2018)	Director
Executive Directors	
C. Ricato (commenced 5 April 2018, appointed 6 July 2018)	Managing Director and CEO
Other key management personnel	
W. Leitao (commenced 5 April 2018)	Chief Operating Officer
D. Galvin (commenced 28 August 2017, ceased 26 July 2019)	Chief Financial Officer & Company Secretary
Key management personnel who ceased in prior year	
T. Pritchard (ceased 15 September 2017)	Former Chief Financial Officer & Company Secretary

Changes since the end of the reporting period

D. Galvin ceased as Chief Financial Officer on 26 July 2019 and Company Secretary on 5 July 2019 and M Scott commenced as Chief Financial Officer on 1 July 2019 and appointed Company Secretary on 5 July 2019.

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.

Remuneration Report (Audited) (continued)

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 2018 AGM

The 2018 Remuneration Report 2018 AGM was not passed as it did not attract the requisite majority of 75%, receiving 67.13% in favour. The Board's proposed action in response to the remuneration report vote is to progress the successful commercialisation and/or divestment of its bioenergy and solar businesses, raise additional capital or other forms of funding to meet the Group's business objectives and effective cashflow management including the reduction in Board and Executive costs.

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 2019, remuneration consisted of the following key elements:

- Fixed remuneration – base salary and superannuation;
- Variable remuneration in the form of cash-based incentives;

Remuneration Report (Audited) (continued)

- 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 FY19 reporting period, share based payments 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 awarded any cash incentives for the financial year.

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 2019 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.

Directors' Report (Continued)

Remuneration Report (Audited) (continued)

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).

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 FY19

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

The 2019 financial year was one which saw the Group commissioning and operating its Solar and Bioenergy projects 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 executives were awarded share-based payments based on an assessment of their performance during the year. No Key Management Personnel were awarded any cash incentives for the financial year.

It is intended that corporate and individual KPIs will be set for FY20, 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 FY19, the Group continued to operate 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 FY19 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: 2014/15 - $0.30; 2015/16 - $0.20; 2016/17 - $0.11; 2017/18 - $0.07 and 2018/19 - $0.03. The prior years' loss per share have been adjusted for the 10:1 share consolidation during the year.

Directors' Report (Continued)

Remuneration Report (Audited) (continued)

The closing share price for the last five years was as follows: 2014/15 - $0.036; 2015/16 - $0.023; 2016/17 - $0.016; 2017/18 - $0.012 and 2018/19 - $0.059.

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.

Generation capacity has increased from 4.1MW at 30 June 2018 to 5.45MW at 30 June 2019.

The remuneration of senior executives who were Key Management Personnel during the year ended 30 June 2019 is set out below:

Table 1 – Remuneration of senior executives of the Group for the year ended 30 June 2019

	Short-term*	Post-employment*		Share based**			
	Salary	Superannuation	Termination benefits	Shares (amortised cost)	SARs (amortised cost)	Total	Performance related
Name	$	$	$	$	$	$	%
C. Ricato	375,000	20,531	-	45,338	-	**440,869**	10%
W. Leitao	242,917	18,820	-	30,147	-	**291,884**	10%
D. Galvin[1]	219,178	20,822	-	18,927	-	**258,927**	7%
Totals	837,095	60,173	**-**	94,412	-	**991,680**	

* Fixed remuneration ** Variable remuneration

1 D. Galvin ceased employment as Chief Financial Officer on 26 July 2019

Directors' Report (Continued)

Remuneration Report (Audited) (continued)

Table 2 – 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**	5%
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

5 Summary of executive contractual arrangements

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

Managing Director and 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.

Mr Ricato was appointed as Managing Director and CEO on 6 July 2018 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) –Mr Ricato was granted 8,655,000 shares pursuant to the Loan Share Plan (Plan Shares), following approval by shareholders at the 2018 AGM. Details of the Plan Shares granted are set out in section 7 of this report; and
- Termination provisions as set out below:

Directors' Report (Continued)

Remuneration Report (Audited) (continued)

	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 officer'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

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.

Mr Leitao entered into a new Executive Services Agreement with the Company on 31 July 2018, 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 had been set for FY19;
- Long term incentive (Loan Share Plan Shares) –Mr Leitao was granted 5,769,000 shares pursuant to the Loan Share Plan (Plan Shares), following approval by shareholders at the 2018 AGM. Details of the Plan Shares granted are set out in section 7 of this report; 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 2019 and no short term incentive in respect of the FY19 year.

Directors' Report (Continued)

Remuneration Report (Audited) (continued)

- 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. The terms of the Plan Shares issued in 2017 were amended as a result of the consolidation of the Company's share capital during the year as set out in section 7 of this report; 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 including superannuation. 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 2019 is detailed in Table 3 of this report and the remuneration for the comparative year ending 30 June 2018 is detailed in Table 4.

Table 3 – Non-executive Directors' Remuneration for the year ended 30 June 2019

Director	Directors fees $	Consulting fees[1] $	Superannuation $	Total $
S. McLean	59,361	-	5,639	**65,000**
R. Brimblecombe	50,000	-	-	**50,000**
A. Rohner	50,000	-	-	**50,000**
T. Louka[1]	37,503	9,000	-	**46,503**
Totals	**196,864**	**9,000**	**5,639**	**211,503**

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

Directors' Report (Continued)

Remuneration Report (Audited) (continued)

Table 4 – 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.

7 Share based compensation

Loan Share Plan Shares

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

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

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

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

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

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

Directors' Report (Continued)

Remuneration Report (Audited) (continued)

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

Amendment of Loan Share Plan Shares previously issued

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

	Amended	Previous
Plan Shares (number)	1,434,150	14,341,500
Target Price vesting condition ($ per share)	$0.20	$0.04
Loan amount	$189,623	$246,674

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 2019 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 2019

Executive	Balance at beginning of period (shares)	Share Consolidation during the reporting period (shares)	Shares granted during the reporting period[2] (shares)	Fair value of shares granted during the year ($)	Grant date	Expiry date	Balance as at the end of the reporting period[1] (shares)
C Ricato	-	-	8,655,000	$0.068	28/11/18	28/11/28	**8,655,000**
W. Leitao	-	-	5,769,000	$0.068	29/11/18	29/11/28	**5,769,000**
D. Galvin[1]	14,341,500	(12,907,350)	-	$0.0088	9/11/2017	9/11/2027	**1,434,150**
Total	**14,341,500**	**(12,907,350)**	**14,424,000**				**15,858,150**

1. Plan Shares for D Galvin were amended as a result of the consolidation of the Company's share capital.
2. Shares granted as part of remuneration have been accounted for as share-based payments.

Table 6 - 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**

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

Directors' Report (Continued)

Remuneration Report (Audited) (continued)

8 Other statutory disclosures

Related party transactions with Directors

The Group engaged Maxify Pty Ltd to provide consulting services. The key resource from Maxify is T. Louka (Non-executive Director). Fees of $9,000 (2018: nil) were paid 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 2019 are set out in Table 7 below.

Table 7 - Shareholdings of Key Management Personnel

	Balance at Beginning of Period 01/07/18	Share consolidation 1:10	Issued under loan share plan	Acquired Under Entitlement Offer[1]	Other Movements[2]	Balance at End of Period 30/06/19
Directors						
R. Brimblecombe	29,026,313	(26,123,681)	-	378,788	-	**3,281,420**
C. Ricato						
- Unrestricted	-	-	-	151,515	-	**151,515**
- Unvested[3]	-	-	8,655,000	-	-	**8,655,000**
Executives						
W. Leitao						
- Unvested[3]	-	-	5,769,000	-	-	**5,769,000**
D. Galvin						
- Unrestricted	1,135,556	(1,022,000)	-	-	-	**113,556**
- Unvested[3]	14,341,500	(12,907,350)	-	-	-	**1,434,150**
Total	**44,503,369**	**(40,053,031)**	**14,424,000**	**530,303**	**-**	**19,404,461**

1. Shares taken up under the Entitlement Offer on 7 June 2019 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.

Steve McLean
Chairman
Brisbane,
30 August 2019

Craig Ricato
Managing Director
Brisbane,
30 August 2019

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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 2019, 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 2019

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FINANCIAL YEAR ENDED 30 JUNE 2019	Note	2019 $'000	2018 $'000
Continuing operations			
Revenue from contracts with customers	3A(i)	1,218	236
Total operating income		**1,218**	**236**
Interest income		80	107
Other income	3A(ii)	139	206
Total income		**1,437**	**549**
Personnel expenses	3B	(2,175)	(2,227)
Other operating expenses	3C	(1,738)	(1,475)
General & administrative expenses	3D	(1,248)	(2,187)
Finance costs	3E	(123)	(133)
Total expenses	3F	**(5,284)**	**(6,022)**
Share of profit/(loss) of associates		**(81)**	-
Loss before income tax expense		**(3,928)**	**(5,473)**
Income tax expense	4	-	(37)
Loss after income tax expense from continuing operations		**(3,928)**	**(5,510)**
Profit from discontinued operations after tax	17	438	287
Net loss for the year after income tax attributable to the owners of the parent		**(3,490)**	**(5,223)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss after tax			
Exchange differences on translation of foreign operations	13	4	-
Other comprehensive income for the period		4	-
Total comprehensive loss for the period attributable to the owners of the parent		**(3,486)**	**(5,223)**
Earnings Per Share attributable to the owners of the parent			
Basic and Diluted Loss per share from continuing operations (cents per share)	15	(3.77)	(6.84)
Basic and Diluted Loss per share (cents per share)	15	(3.35)	(6.48)

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 2019	Note	2019 $'000	2018 $'000
Current Assets			
Cash and cash equivalents	22(A)	1,425	1,453
Trade and other receivables	5	1,139	1,180
Inventories	6	59	20
		2,623	2,653
Assets held for sale	17(b)	-	5,489
Total current assets		**2,623**	**8,142**
Non-Current Assets			
Other receivables	5	1,636	545
Property, plant and equipment	7	6,098	5,968
Investment in associates	8	530	-
Total non-current assets		**8,264**	**6,513**
Total assets		**10,887**	**14,655**
Current Liabilities			
Trade and Other Payables	9	837	2,630
Borrowings	10	302	1,431
Provisions	11	1,457	806
Liabilities directly associated with assets held for sale	17(c)	-	34
Total current liabilities		**2,595**	**4,901**
Non-Current Liabilities			
Borrowings	10	1,131	-
Provisions	11	115	1,104
Total non-current liabilities		**1,246**	1,104
Total liabilities		**3,841**	6,005
Net assets		**7,046**	**8,650**
Equity			
Issued capital	12	357,075	355,287
Other reserves	13	169	71
Accumulated losses		(350,198)	(346,708)
Total equity		**7,046**	**8,650**

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

Consolidated Statement of Cash Flows

FINANCIAL YEAR ENDED 30 JUNE 2019	Note	2019 $'000	2018 $'000
Operating Activities			
Receipts from customers		1,935	956
Payments to suppliers and employees		(5,252)	(6,118)
Net Goods and Services Tax received		3	79
Interest received		86	154
Interest paid		(84)	(37)
Tax paid		-	(37)
Net cash flows used in operating activities	22(B)	**(3,312)**	**(5,003)**
Investing Activities			
Proceeds from sale of assets held for sale		3,800	-
Purchase of property, plant & equipment		(1,658)	(9,917)
Investment in associate		(291)	-
Loans advanced to associate		(346)	-
Distributions received from associates		100	-
Proceeds from Government grants		-	2,080
Proceeds from R&D tax incentive		199	458
Payments for rehabilitation expenditure		(184)	(580)
Payments for rectification obligations		(13)	(112)
Proceeds from joint venture recoveries		-	115
Net payments of cash held as security		(87)	(18)
Net cash from / (used in) investing activities		**1,520**	**(7,974)**
Financing Activities			
Proceeds from issue of shares	12	2,007	2,299
Proceeds from borrowings	10	329	1,640
Repayment of borrowings	10	(351)	(99)
Transaction costs of share issues		(195)	(123)
Transaction costs of loans and borrowings		(26)	(162)
Net cash flow provided by financing activities		**1,764**	**3,555**
Net decrease in cash and cash equivalents		**(28)**	**(9,422)**
Less : cash reclassified to assets held for sale		**-**	**(15)**
Add: Opening cash and cash equivalents at 1 July		**1,453**	**10,890**
Cash and cash equivalents at 30 June	22(A)	**1,425**	**1,453**

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

Consolidated Statement of Changes in Equity

FINANCIAL YEAR ENDED 30 JUNE 2019	Issued Capital $'000	Share Based Payment Reserve (Note 13) $'000	Foreign Currency Translation Reserve (Note 13) $'000	Accumulated Losses $'000	Total Equity $'000
At 1 July 2018	**355,287**	**59**	**12**	**(346,708)**	**8,650**
Loss for the period	-	-	-	(3,490)	(3,490)
Other comprehensive income	-	-	4	-	4
Total loss for the year	-	-	4	(3,490)	(3,486)
Transactions with owners in their capacity as owners:					
Shares issued	2,007	-	-	-	2,007
Share issue costs	(219)	-	-	-	(219)
Share Based Payment	-	94	-	-	94
At 30 June 2019	**357,075**	**153**	**16**	**(350,198)**	**7,046**

FINANCIAL YEAR ENDED 30 JUNE 2018					
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**

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 2019 was authorised in accordance with a resolution of the Directors on 30 August 2019.

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 2018:

- **AASB 9 *Financial Instruments*** (effective 1 July 2018);
- **AASB 15 *Revenue from contracts with Customers*** (effective 1 July 2018);
- **AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*** (effective 1 July 2018).

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.

- **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.

In accordance with the transition provision in AASB15, the Group has adopted the new rules however there was no material impact on the Group's financial statements using the modified retrospective approach. There has been no cumulative impact from the initial implementation of AASB 15, as the revenue recognised under AASB 15 is not materially different from that recognised under the Group's previous method of accounting for customer contracts. Refer to note 3A for the Group's revenue recognition policies.

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

AASB 9 replaces 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 implementation of AASB 9 has not had a material impact on the Group's financial statements as the Group, except for the reclassifications of financial assets previously classified as "Loans and Receivables" under AASB139 to "Financial Assets at Amortised Cost" under AASB9. Impairment provisions are now based on expected credit losses rather than only incurred credit losses, but this has not resulted in any material impact on provisions for impairment losses.

The following new accounting standards and interpretations have been issued that are not mandatory for the financial year beginning 1 July 2018 and have not been early adopted by the Group:

- **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, using the modified retrospective approach 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 accumulated losses is likely to be increased 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.

D. Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group has net operating cash outflows for the year of $3,312,000 (2018: $5,003,000) and as at 30 June 2019 has cash and cash equivalents of $1,425,000 (30 June 2018: $1,453,000). The Group also generated a loss after tax of $3,490,000 (2018: $5,223,000). 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 principally dependent upon one or more of the following conditions:

- securing appropriate projects and related funding for project investment;
- successful commercialisation and/or divestment of its bioenergy and solar businesses;
- effective cash flow management; and
- raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the Group to continue its bioenergy and solar projects and to meet the Group's working capital requirements.

During the last twelve months, extensive investigations have been undertaken of the potential debt and equity funding options available to the Group to fund new projects and operating activities, including offering a significantly discounted Rights Issue to existing shareholders in May 2019. These activities were not successful in securing the necessary funding required by the Company to continue the planned development within all areas of the existing portfolio.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

On 2 August 2019, the Group announced that it had accepted an offer from CleanPeak Energy Pty Ltd to acquire the Group's existing Embedded Network Operations, including the energy retail authorisation, and the Amaroo Solar PV facility for a consideration of $5,775,000 less debt.

Subject to the completion of the transaction with CleanPeak Energy, 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 and accordingly have applied the going concern basis of accounting in preparing the financial statements.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

E. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 30 June 2019. 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.

Notes to the Financial Statements (Continued)

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**	**2019**	**2018**
Quantum Power Pty Ltd	Bioenergy project development	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	100

1. In its capacity as trustee

Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

Investments in associates are accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Notes to the Financial Statements (Continued)

The following entities have been included in the consolidated financial statements using the equity method:

Name	Principal activities	Equity Interest % 2019	2018
RE Holding Company One Pty Ltd	Holding company for SM Project Company Pty Ltd and AJB Projects Pty Ltd[1]	30	100
SM Project Company Pty Ltd	Electricity supply from the Goulburn bioenergy project[1]	30	100
AJB Energy Projects Pty Ltd	Electricity supply from the AJ Bush bioenergy project[1]	30	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 reporting date.

Differences arising on the settlement or translation of monetary items are recognised in the profit or 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 reporting 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 (2018: 3 to 25 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 profit or loss 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 non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group 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 Consolidated Statement of Cash Flows, 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.

Notes to the Financial Statements (Continued)

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 11 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 profit or loss 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 or loss.

Q. Revenue recognition

Interest income

Interest income is recorded as the interest accrues, using the effective interest rate (EIR) in accordance with AASB9. 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.

Refer to Note 3A for revenue recognition policy from 1 July 2018.

Accounting policy for revenue recognition prior to 1 July 2018:

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 Statement of Cash Flow 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 16.

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. Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs.

The Group does not have financial asset or liability carried at fair value. Subsequent measurement of financial assets and financial liabilities carried at amortised cost are described below.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables fall into this category of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

BB. 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. The Company reviewed its current rehabilitation requirements for its existing Cooper Basin tenements resulting in a reduction of $275,000 in the rehabilitation provision during the year.

Impairment of Property, plant and equipment

The Company announced on 2 August 2019 that it had entered into a Securities Purchase Agreement with CleanPeak Energy Pty Ltd, under which CleanPeak would acquire the subsidiaries of the Group which hold its existing Embedded Network Operations, including the energy retail authorisation, and the Amaroo Solar PV facility for a consideration of $5,775,000 less debt. As a result of this transaction, the Company assessed the recoverable amount of these Solar assets exceeded their carrying value and recognised an impairment of $508,000 against these assets.

Note 3A – Income

	2019 $'000	2018 $'000
(i) Revenue from contracts with customers		
Electricity and related services	926	194
Operating and maintenance services	206	-
Renewable energy credits and certificates	86	42
	1,218	**236**
(ii) Other income		
Recoupment of rehabilitation costs from former joint venture participant	-	53
R&D tax incentive received (bioenergy) *	107	130
Other	32	23
	139	**206**

* Total R&D incentive received or receivable at 30 June 2019 is $nil (2018: $23,000) in relation to rehabilitation costs and $107,000 (2018: $130,000) 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 2019 no R&D incentive in respect of rehabilitation costs is included in other income (2018: nil).

Revenues from contracts with customers

The Group's primary revenue streams relate to the retail sale of electricity to business customers in Australia. Revenue from contracts with customers is recognised when control of the goods or services is transferred to a customer at an amount that reflects the consideration to which the Group expects to be entitled to receive in exchange for those goods or services.

Electricity and related services

The contracts with business customers are long term in nature and represent a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer and are treated as one performance obligation satisfied over time based on the output delivered to the customer. The Group determines that the right-to-invoice approach to measure the progress towards completion of the performance obligation is most appropriate as it depicts the Group's performance. At the end of each month, electricity revenues are recognised based on metered usage at agreed contracted rates and invoiced to customers. Invoices are due for payment between 14 and 30 days from invoice date.

Operating and maintenance services

The Group continues to operate and maintain the electricity generation project at Goulburn bioenergy project and AJ Bush after disposal of its 70% interest in these bioenergy projects. The Group's performance obligations are fulfilled over time as the Group enhances assets which the associate controls, for which the Group does not have an alternative use and for which the Group has right to payment for performance to date. Operating and maintenance service revenue are recognised over time, which are invoiced monthly based on contractual terms. The contractual terms included a fixed monthly charge and a charge per engine operating hour. Invoices are due for payment within 7 business days.

Renewable energy credits and certificates ('RECs')

The Group sells both energy and RECs to the customer. A customer may purchase RECs from the Group to meet its own REC obligations and/or where it wants actual title to the RECs.

The RECs sold to a customer represent a separate performance obligation, i.e. a good, as the customer can benefit from the REC on its own and the promise to transfer RECs to the customer is separately identifiable from the other promises in the contract (e.g. promise to deliver energy).

Notes to the Financial Statements (Continued)

The Group recognised RECs as and when the control of the RECs are transferred to the customer which occurs at a point in time. Contract typically settles within three business days of contract date.

Disaggregation of Revenue from contracts with customers

The Group derives revenue from the transfer of services over time and at a point of time in the following major product lines and geographical regions:

Year ended 30 June 2019	Electricity and related services $'000	Operating and maintenance services $'000	Renewable energy credits and certificates $'000	Total $'000
Primary Geographic Market				
Queensland	-	53	-	53
New South Wales	392	153	30	575
ACT	255	-	36	291
South Australia	279	-	20	299
Total	**926**	**206**	**86**	**1,218**
Project				
Solar PV Project	255	-	36	291
Solar Embedded Network Project	671	-	50	721
Bioenergy Project O&M	-	206	-	206
Total	**926**	**206**	**86**	**1,218**
Timing of transfer of goods and services				
Point in time	-	-	86	86
Over time	926	206	-	1,132
Total	**926**	**206**	**86**	**1,218**

Year ended 30 June 2018	Electricity and related services $'000	Operating and maintenance services $'000	Renewable energy credits and certificates $'000	Total $'000
Primary Geographic Market				
Queensland	-	-	-	-
New South Wales	101	-	8	109
ACT	93	-	34	127
South Australia	-	-	-	-
Total	**194**	**-**	**42**	**236**
Project				
Solar PV Project	93	-	34	127
Solar Embedded Network Project	101	-	8	109
Bioenergy Project O&M	-	-	-	-
Total	**194**	**-**	**42**	**236**
Timing of transfer of goods and services				
Point in time	-	-	42	42
Over time	194	-	-	194
Total	**194**	**-**	**42**	**236**

Notes to the Financial Statements (Continued)

Note 3B – Personnel expenses

	2019 $'000	2018 $'000
Loss before income tax has been determined after charging the following specific items:		
Employee expenses	2,081	2,050
Share based payments	94	11

Note 3C – Other operating expenses

Business development costs	265	1,230
Depreciation of operational plant & equipment	290	55
Impairment of operational plant & equipment	508	-
Facility operating costs	966	193
Project rectification costs	9	(3)
Rehabilitation costs	(275)	-
Research and development	(25)	-
	1,738	**1,475**

Note 3D – General & administrative expenses

Governance and investor relations	290	286
External advisory	246	1,008
Facility, IT and communications	318	431
Travel	113	165
Insurance	214	232
Depreciation of plant and equipment	10	9
Inventory write-downs	-	-
Other	57	56
	1,248	**2,187**

Note 3E – Finance costs

	2019 $'000	2018 $'000
Transaction costs of loans and borrowings	39	95
Interest expense	84	38
	123	133

Notes to the Financial Statements (Continued)

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

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	301	64
Gain/(loss) on disposal of plant & equipment		-
Operating lease rentals paid	165	140
Foreign exchange loss/(gain)	3	-
Employer superannuation contributions paid or payable	171	211

Note 4 – Income tax

	2019 $'000	2018 $'000
Income tax expense		
The prima facie tax benefit on loss of 27.5% (2018 – 27.5%) differs from the income tax provided in the financial statements as follows:		
Prima facie tax benefit on loss	960	1,426
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D Tax Incentive receivable	-	-
Change in R&D incentive for the prior year *	29	(44)
Other income/(expenses)	(101)	(6)
Utilisation of Losses not recognised	88	-
Income tax benefit/(expense)	976	1,376
Adjustments for current tax of prior periods	-	448
Deferred tax assets for tax losses and other temporary differences not recognised	(976)	(1,861)
Income tax expense	**-**	**(37)**

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

Income tax expense comprises:

Current tax	-	(1,497)
Deferred tax	(976)	1,497
Adjustment for current tax of prior periods	-	37
Deferred tax asset	976	-
Total income tax expense	**-**	**37**

Notes to the Financial Statements (Continued)

Tax losses

	2019 $'000	2018 $'000
Unused tax losses for which no deferred tax asset has been recognised[1]	268,533	265,525
Potential tax benefit at 27.5%	**73,847**	**73,019**

Deferred income tax

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

	2019 $'000	2018 $'000
Deferred tax liabilities		
Other deferred tax liability	(1)	(37)
Total deferred tax liabilities (A)	**(1)**	**(37)**
Deferred tax assets		
Losses available for offset against future taxable income:		
Company	71,597	70,770
Subsidiary	2,249	2,249
Other deferred tax asset	873	1,406
Total deferred tax assets (B)	**74,720**	**74,425**
Net deferred tax assets (A) + (B)	74,719	74,388
Deferred tax assets not recognised[1]	(74,719)	(74,388)
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

	2019 $'000	2018 $'000
Balance at the beginning of the year	74,425	79,200
Change in tax rates	-	(6,600)
(Charged)/credited to profit or loss:		
Tax losses	827	1,151
Trade and other payables	(29)	(190)
Provisions	(102)	(46)
Adjustment for deferred tax of prior periods	(23)	278
Accounting impairment	140	-
Recognition/(Derecognition) of DTA of Associated Entities	(418)	578
Rights issue costs recognised through equity	57	-
Other balances and transactions	(156)	54
Balance at the end of the year	**74,721**	**74,425**

Notes to the Financial Statements (Continued)

Movement in deferred tax liabilities	2019 $'000	2018 $'000
Balance at the beginning of the year	37	24
Change in tax rates	-	(2)
(Charged)/credited to profit or loss:		
Trade and other receivables	(13)	25
Other balances and transactions	(23)	(10)
Balance at the end of the year	**1**	**37**

Note 5 – Trade and other receivables

	2019 $'000	2018 $'000
Current		
Cash held as security	430	295
Trade receivables	89	156
GST Receivable	63	203
Interest Receivable	16	1
R&D Tax Incentive Receivable	-	92
Other receivables and deposits	180	134
Prepayments	361	299
Total current trade and other receivables	**1,139**	**1,180**
Non-current		
Loan to associate	1,066	-
R&D Tax Incentive receivable	570	545
Total non-current trade and other receivables	**1,636**	**545**

Assets pledged as security

Of the cash held as security $39,687 (2018: $40,000) is provided as security for borrowings (refer note 10) and $390,000(2018: $255,000) 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 2019, trade receivables of $41,000 (2018: $113,000) were past due but not impaired. This amount of $41,000 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:

Notes to the Financial Statements (Continued)

	2019 $'000	2018 $'000
Up to 2 months	32	29
2 to 3 months	-	1
3 to 6 months	9	83
	41	**113**

Impairment

The Group assesses impairment on a forward looking basis for its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. No expected credit loss has been recognised by the Group during the year.

Note 6 – Inventories

	2019 $'000	2018 $'000
Spares	59	20

Note 7 – Property, plant & equipment

	2019 $'000	2018 $'000
Plant and equipment at cost	30,136	28,258
Less: accumulated depreciation and impairment	(24,038)	(22,290)
Total Property, Plant and Equipment	**6,098**	**5,968**
Reconciliation of Plant & Equipment		
Carrying amount at beginning of the period	5,968	2,821
Additions	707	10,238
Grant proceeds	-	(2,100)
Reclassification to Assets Held for Sale	232	(4,663)
Impairment(1)	(508)	-
Depreciation / amortisation expense	(301)	(328)
Carrying amount at the end of the period	**6,098**	**5,968**

1 Impairment of property, plant and equipment from transaction announced on 2 August 2019 to sell the subsidiaries of the Group which hold the embedded network operations and Amaroo Solar PC facility.

Assets pledged as security

Plant and equipment with a carrying value of $5,775,000 (2018: $2,338,000) is pledged as security for current and non-current borrowings. Refer to note 10 for details of borrowing.

Note 8 – Investment in Associates

Interests in associates

Name of entity	Ownership interest 2019	Ownership interest 2018	Carrying amount 2019 $'000	Carrying amount 2018 $'000
RE Holding Company One Pty Ltd	30%	100%	530	-

Notes to the Financial Statements (Continued)

RE Holding Company One Pty Ltd, in its capacity as trustee for the RE Holding Trust One, acts as holding company for entities which own bioenergy projects in Australia. In July 2018, the Company sold a 70% interest in RE Holding Company One Pty Ltd as described in note 17.

Summarised financial information for associates	**2019 $'000**	**2018 $'000**
Summarised Balance Sheet		
Current assets	905	-
Non-current assets	5,128	-
Total assets	6,033	-
Current liabilities	(278)	-
Non-current liabilities	(3,570)	-
Total liabilities	(3,848)	-
Net assets	2,185	-
Reconciliation to carrying amount		
Group's interest	30%	-
Group's interest in net assets	655	-
Elimination of Group interest in (profits)/losses arising from transactions with associates	(125)	-
Carrying amount of investment in associates	**530**	**-**

	2019 $'000	**2018 $'000**
Summarised statement of comprehensive income		
Revenue	835	-
Loss from continuing operations	(269)	
Total comprehensive loss	(269)	-
Group's share of loss of associates at 30%	**(81)**	**-**

Note 9 – Trade and other payables

	2019 $'000	**2018 $'000**
Current		
Trade creditors	399	1,257
Accrued and other liabilities	383	640
GST payable	55	733
Trade creditors and accruals	**837**	**2,630**

Notes to the Financial Statements (Continued)

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 10 – Borrowings

	2019 $'000	2018 $'000
Current borrowings		
Secured loan	55	1,244
Other borrowings	247	187
Total current borrowings	**302**	**1,431**
Non-current borrowings		
Secured loan	1,131	-
Total Non-current borrowings	**1,131**	**-**

The secured loan is secured by a charge over specific plant and equipment and cash of a subsidiary company as identified in note 7 and note 5 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 Debt service cover ratio (DSCR) requirements for the first two quarters of the loan term (31 March 2018 and 30 June 2018). The contracted maturity of the loan repayments is set out in note 25(B).

On 2 August 2019, the Company in accordance with the requirements under its Loan Facility Agreement, notified the financier that they entered into a Securities Purchase Agreement (SPA) for the sale of specific assets and the repayment of the loan facility upon completion of the transaction. The financier notified the company on 5 August 2019 of a potential event of default resulting from this proposed transaction. The Company is arranging the repayment of the loan facility as contemplated in the SPA at completion of the transaction.

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	2019 $'000	2018 $'000
Balance as at beginning of financial year	1,431	-
Cash proceeds from borrowings	329	1,640
Transaction costs relating to borrowings	-	(119)
Expensing of transaction costs (non-cash)	24	9
Repayments of principal	(351)	(99)
Balance at the end of the financial year	**1,433**	**1,431**

Notes to the Financial Statements (Continued)

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 11 – Provisions

	Employee Entitlements $'000	Rehabilitation Provision $'000	Other Provisions $'000	Total Provisions $'000
At 1 July 2018	**144**	**1,670**	**96**	**1,910**
Provision raised during the year	129	-	8	**137**
Utilised	(199)	-	(12)	**(211)**
Unused amounts released	-	(275)		**(275)**
Unwinding of discount	-	-	11	**11**
At 30 June 2019	**74**	**1,395**	**103**	**1,572**
Current 2019	50	1,395	12	1,457
Non current 2019	24	-	91	115
	74	**1,395**	**103**	**1,572**
Current 2018	117	676	13	806
Non current 2018	27	994	83	1,104
At 30 June 2018	**144**	**1,670**	**96**	**1,910**

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. 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.

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.

Notes to the Financial Statements (Continued)

Note 12 – Issued capital

	2019 $'000	2018 $'000
Authorised Shares		
122,068,491 (2018 – 859,157,346) fully paid ordinary shares	**357,075**	**355,287**

MOVEMENT IN ORDINARY SHARE CAPITAL:		NUMBER OF SHARES	ISSUE PRICE $ PER SHARE	$'000
30/06/17	**Balance end of financial year**	**717,074,558**		**353,129**
10/11/17	Shares issued pursuant to 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**
27/7/18	Shares issued pursuant to entitlement offer 1:2	106,113,451	0.012	1,273
11/12/18	Share consolidation 1:10	(868,741,056)		-
14/12/18	Shares issued pursuant to loan share plan(1)	14,424,000		-
7/6/19	Shares issued pursuant to rights issue	11,114,750	0.066	734
	Share issue costs			(219)
30/06/19	**Balance at end of financial year**	**122,068,491**		**357,075**

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
30/06/17	**Balance 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**	**-**
30/6/19	**Balance at end of financial year**	**-**

Notes to the Financial Statements (Continued)

Note 13 – Reserves

	2019 $'000	2018 $'000
Share based payment reserve	153	59
Foreign currency translation reserve	16	12
	169	**71**
Reconciliation of Reserves		
Carrying amount at beginning	71	60
Net share based payments expense recognised	94	11
Recognition of foreign currency translation reserve	4	-
	169	**71**

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 14 – 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:

	2019 $'000	2018 $'000
Payable not later than one year	64	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.

Notes to the Financial Statements (Continued)

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

	2019 $'000	2018 $'000
Payable within one year	135	208
Payable later than one year but not later than five years	390	425
Payable later than five years	687	727
	1,212	**1,360**

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:

	2019 $'000	2018 $'000
Property, plant and equipment	**54**	**877**

Note 15 - Earnings per share

	2019 Cents per share	2018* Cents per share
Basic and diluted earnings/(loss) per share attributable to the equity holders of the Company:		
From continuing operations	(3.77)	(6.84)
From discontinued operations	0.42	0.36
	(3.35)	**(6.48)**

*Prior year earnings per share have been restated for the 1:10 share consolidation on 11 December 2018.

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:	2019 $'000	2018 $'000
Net profit/(loss) attributable to equity shareholders:		
From continuing operations	(3,928)	(5,510)
From discontinued operations	438	287
	(3,490)	**(5,223)**

	2019 Shares	2018 Shares
Weighted average number of ordinary shares used in calculation of basic and diluted earnings per share	**104,268,504**	**80,557,342**

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

Notes to the Financial Statements (Continued)

Note 16 - 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 Group's accounting policies.

The following table represents revenue and profit information for the Group's operating segments for the year ended 30 June 2019.

Year Ended 30 June 2019						Reconciliation to loss from discontinued operations after tax	
	Bioenergy	Solar	Geothermal	Corporate **	Segment totals	Discontinued operations*	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue and income							
- From external customers	572	1,012	-	-	1,584	(227)	**1,357**
- Interest income	45	1	-	34	80	-	**80**
Expenses	(1,030)	(1,092)	118	(2,441)	(4,445)	93	**(4,352)**
EBITDA	**(413)**	**(79)**	**118**	**(2,407)**	**(2,781)**	**(134)**	**(2,915)**
Gain on sale of fixed assets	145	-	-	-	**145**	(145)	**-**
Gain on sale of subsidiary	173	-	-	-	**173**	(173)	**-**
Statutory EBITDA	(95)	(79)	118	(2,407)	**(2,463)**	(452)	**(2,915)**
Share of loss from associate	(81)	-	-	-	**(81)**	-	**(81)**
Depreciation	(15)	(284)	-	(16)	**(315)**	14	**(301)**
Impairment	-	(508)	-	-	**(508)**	-	**(508)**
Borrowing transaction costs	-	(39)	-	-	**(39)**	-	**(39)**
Interest expense	-	(76)	-	(8)	**(84)**	-	**(84)**
Income tax expense	-	-	-	-	**-**	-	**-**
Profit /(Loss) after tax	**(191)**	**(986)**	**118**	**(2,431)**	**(3,490)**	**(438)**	
Loss from continuing operations after tax							**(3,928)**

*Discontinued operations relate entirely to the Bioenergy segment

** Related to corporate overheads which cannot be attributable to each individual segment.

Notes to the Financial Statements (Continued)

Year Ended 30 June 2018

	Bioenergy	Solar	Geothermal	Corporate	Segment totals	Reconciliation to loss from discontinued operations after tax: Discontinued operations*	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'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

Major customers

Revenues attributed to the solar 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: $255,000 (2018 $93,000) ; $671,000 (2018 $101,000) respectively.

Note 17 – Discontinued Operations and Assets and Liabilities Classified as Held for Sale

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

(i) On 17 July 2018, the Company completed the sale of a 70% interest in RE Holding Company One Pty Ltd whose subsidiary owns the Goulburn Bioenergy Project to an entity in which the Company has a 30% interest, recognising a gain of $145,000; and

(ii) On 13 December 2018, a Group company sold the property, plant and equipment of a bioenergy business to an entity in which the Company has a 30% interest, recognising a gain of $173,000.

The results from these two bioenergy projects up until the date of sale have been classified as discontinued operations. The results from these projects from the date of sale have been accounted-for using the equity method of accounting (refer note 8).

Notes to the Financial Statements (Continued)

(a) Profit from discontinued operations after tax	2019 $'000	2018 $'000
Revenue – sales income	227	870
Interest revenue	-	2
Expenses	(93)	(321)
Depreciation	(14)	(264)
Gain on disposal of subsidiary	145	-
Gain on sale of property, plant and equipment	173	-
Net profit/(loss) from discontinued operations	**438**	**287**
Income tax expense	**-**	-
Net profit/(loss) from discontinued operations after tax	**438**	**287**
Net cash flows from discontinued operations		
Net cash inflow / (outflow) from operating activities	779	470
Net cash outflow from investing activities	3,390	(2,101)
Net cash inflow / (outflow) from financing activities	-	-

(b) Assets held for sale	2019 $'000	2018 $'000
Cash	-	15
Trade receivables	-	27
Other receivables and prepayments	-	784
Plant & equipment	-	4,663
Total assets held for sale	**-**	**5,489**

(c) Liabilities directly associated with assets held for sale	2019 $'000	2018 $'000
Trade creditors, accrued and other liabilities	-	19
Other provisions	-	15
Total liabilities directly associated with assets held for sale	**-**	**34**

Notes to the Financial Statements (Continued)

(d) Details of the sale of the subsidiary – RE Holding Company One Pty Ltd	2019 $'000
Consideration received or receivable	
Cash	2,800
Receivables	789
Loan receivable from associate	720
Fair value of investment in associate received	453
Total consideration received or receivable	**4,762**
Net assets sold / de-recognised	(4,515)
Gain on sale	**247**
Gain on sale of subsidiary (net of retained 30% interest)	**173**

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

	$'000
Assets	
Cash	15
Trade and other receivables	774
Property, plant & equipment	3,741
Total assets	**4,530**
Liabilities	
Provisions	(15)
Total liabilities	**(15)**
Net assets	**4,515**

Note 18 – Remuneration of Auditors

	2019 $	2018 $
Amounts received or due and receivable by BDO Audit Pty Ltd for:		
An audit or review of the financial report of the entity	49,500	45,000
Other assurance services	-	4,500
	49,500	**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
Other assurance services	-	-
	-	**7,146**

Notes to the Financial Statements (Continued)

Note 19 – Share based payments

Loan Share Plan

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

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

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

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

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

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 $0.104 each with an aggregate loan value of $1,500,096.

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

The fair value of Plan Shares granted during the year is shown below, 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 $0.10; a deemed exercise price of $0.104; a risk-free interest rate of 2.60%; an expected exercise period of 10 years; no dividends being payable during the exercise period; and expected price volatility of the Company's shares of 110.10%, based on historic volatility to the grant date.

Grant	**Managing Director**	**Other executives**
Tranche 1	$0.0762	$0.0771
Tranche 2	$0.0656	$0.0650
Tranche 3	$0.0618	$0.0621

Notes to the Financial Statements (Continued)

Plan Shares 2019 Grant date	Exercise price	Expiry date	Balance at the start of the year Number	Granted during the year Number	Forfeited during the year Number	Share consolidation during the year	Balance at the end of the year[1] Number
9/11/2017	$0.0172	9/11/2027	14,341,500	-	-	(12,907,350)	1,434,150
28/11/2018	$0.104	28/11/2028	-	8,655,000	-	-	8,655,000
29/11/2018	$0.104	29/11/2028	-	5,769,000	-	-	5,769,000
Total			14,341,500	14,424,000	-	(12,907,350)	15,858,150
Weighted average fair value							$0.0698

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.

Note 20 – Key Management Personnel

Compensation of Key Management Personnel

	2019 $	2018 $
Short-term employee benefits	1,042,958	953,941
Post-employment benefits	65,813	61,450
Termination benefits	-	263,337
Share based payment	94,413	10,938
	1,203,184	**1,289,666**

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

A Director, Mr Tony Louka was engaged through an associated company, Maxify Pty Ltd to provide consulting services to the Company from 1 October 2018 at $1,000 per month. Fees of $9,000 (2018: nil) were paid or payable during the year.

Notes to the Financial Statements (Continued)

Note 22 - Notes to the Cash Flow Statement

	2019 $'000	2018 $'000
A. Reconciliation of cash		
Cash balance comprises:		
Cash at bank	1,411	1,358
Term deposits	14	95
Total cash – excluding cash held by disposal group held for sale	**1,425**	**1,453**
B. Reconciliation of the operating loss after tax with the net cash flows used in operations		
Loss after income tax	(3,490)	(5,223)
Depreciation and amortisation	314	328
Impairment of property, plant and equipment	508	-
Net (profit)/loss on disposal of property, plant & equipment	(318)	-
Share based payments expense	94	11
Share of losses of associates	81	-
Items treated as cash flows from investing activities:		
Exploration and evaluation costs	184	179
Proceeds from joint venture recoveries	-	(53)
Proceeds from R&D tax incentive	(107)	(130)
Payment of rectification obligations	13	5
Items treated as cash flows from financing activities:		
Transaction costs of loans and borrowings	26	76
Changes in Assets & Liabilities		
(Increase)/decrease in receivables and prepayments	474	(320)
Increase/(decrease) in other creditors and accruals	(791)	158
Decrease in inventories	-	11
Decrease in provisions	(300)	(45)
Net Cash Flow used in Operating Activities	**(3,312)**	**(5,003)**

Notes to the Financial Statements (Continued)

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 2020 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 (2018: $150,000);

(b) To electricity retailers in respect of the obligations of a Group entity to acquire electricity: $188,500 (2018: $52,000);

(c) To a landlord for the lease of the Brisbane office premises by the Company: $37,597 (2018: $37,597);

(d) To a landlord for licences held by a Group entity to access and occupy rooftop solar installation areas: $10,000 (2018: $10,000); and

(e) To a bank as security for a transactional banking facility held by a Group entity: $6,000 (2018: nil).

As noted in note 5, these amounts are secured over cash deposits.

Note 24 – Subsequent events

Sale of subsidiaries

On 2 August 2019, the Group announced that it had entered into a Securities Purchase Agreement with CleanPeak Energy Pty Ltd (CleanPeak), under which CleanPeak would acquire the subsidiaries of the Group which hold its existing Embedded Network Operations, including the energy retail authorisation, and the Amaroo Solar PV facility for a consideration of $5,775,000 less debt. As a result of this transaction, The Group has recognised an impairment of $508,000 against the value of these Solar assets.

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 reporting 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

2019	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	837	-	-	-	**837**	837
Borrowings[1]	251	153	141	1,209	**1,754**	1,433
Total financial liabilities	**1,088**	**153**	**141**	**1,209**	**2,591**	**2,270**

1. The secured loan will be repaid upon completion of the announced transaction with CleanPeak Energy Pty Ltd which is expected to occur within six months of reporting date.

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**

(C) Market risk

Currency risk

The Group does not have any material exposure to foreign currency risk (2018: 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.

Notes to the Financial Statements (Continued)

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

	2019 $'000	2018 $'000
Current Assets	6,050	8,108
Total Assets	8,243	12,748
Current Liabilities	(2,036)	(3,933)
Total Liabilities	(2,260)	(4,160)
Contributed Equity	357,075	355,287
Accumulated Losses	(351,249)	(346,762)
Other Reserves	157	63
	5,983	**8,588**
Profit or (loss of the Parent Entity	(5,165)	(5,277)
Total comprehensive income of the Parent Entity	(5,165)	(5,277)

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 $1,271,794 (2018: $1,244,000);

(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:

	2019 $'000	2018 $'000
Geothermal obligations: payable not later than one year	**64**	50
Property, plant and equipment: payable not later than one year	**54**	877
	118	**927**

Notes to the Financial Statements (Continued)

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: $188,500 (2018: $52,000);

(b) To a landlord for licences held by a Group entity to access and occupy rooftop solar installation areas: $10,000 (2018: $10,000); and

(c) To an embedded network manager in respect of the obligations of a Group entity to acquire services: $6,000 (2018: nil)

As noted in note 5, 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 2019 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 2019.

On behalf of the Board.

Steve McLean
Chairman
Brisbane
30 August 2019

Craig Ricato
Managing Director
Brisbane
30 August 2019

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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 2019, 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 2019 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.

Material uncertainty related to going concern

We draw attention to Note 2(D) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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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 disposal of interest in the Bioenergy Projects

Key audit matter	*How the matter was addressed in our audit*
Refer to note 18 to the financial statements. During the year, the Group disposed of its 70% interest in two bioenergy projects, which was classified as held for sale. This was determined to be a key audit matter because the assets disposed were material to the group.	Our audit procedures included but were not limited to the following: • Reviewing the sale and purchase agreement and other documents related to the disposals to obtain an understanding of the transaction and to confirm the consideration • 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 • Challenging management's estimates and assumptions in determining costs to sell • Reviewing the adequacy of the Group's disclosures around disposal of assets held for sale within the financial statements

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 2019, 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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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 13 to 24 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of ReNu Energy Limited, for the year ended 30 June 2019, 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

R M Swaby
Director

Brisbane, 30 August 2019

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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 2019 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 2019, as 50% of its directors were not independent at times during the year. 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 2019 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. 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 18 October 2019.

Range	No. of holders	Securities	% of issued capital
100,001 and Over	179	78,929,057	65.43
10,001 to 100,000	993	29,106,846	24.13
5,001 to 10,000	676	4,899,879	4.06
1,001 to 5,000	2,297	5,491,669	4.55
1 to 1,000	7,005	2,206,890	1.83
Total	**11,150**	**120,634,341**	**100.00**
Unmarketable Parcels	10,411	18,491,886	15.33

Twenty Largest Holders

Rank	Name	Shares Held	% of issued capital
1	CWSC Pty Ltd	8,806,515	7.30
2	Warren Leitao	5,769,000	4.78
3	North Western Surveys Pty Ltd	3,354,571	2.78
4	Borneo Capital Pty Ltd	3,294,495	2.73
5	Stockton Capital Management Pty Ltd	3,281,420	2.72
6	Tata Power International Pte Limited	2,940,000	2.44
7	Mr Sheng Qi Yu	2,112,466	1.75
8	Indevco Group Holdings Pty Limited	1,649,334	1.37
9	Jetosea Pty Ltd	1,502,159	1.25
10	Hirlgrove Pty Ltd	1,161,547	0.96
11	Johan A Le Roux	1,037,632	0.86
12	Mr Anthony James Cotter & Mrs Deborah Joanne Cotter	932,497	0.77
13	Professor Gerald Francis Williams	921,292	0.76
14	Woodistan Pty Ltd	869,683	0.72
15	Mr Mark Tindale & Mrs Barbara Tindale	850,001	0.70
16	Mr Ian Graham Douglas & Mr Basil James Cook	812,754	0.67
17	Mr Michael Ernest Granata	800,000	0.66
18	Ms Sallee Anne Lorenz	748,000	0.62
19	Mr Kah Khooi Loke & Mrs Gwendoline Siew Li Loke	728,031	0.60
20	Appwam Pty Ltd	715,798	0.59
	Total	**42,287,195**	**35.05**

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2011 are:

		Shares Held	% of issued capital
1	CWSC Pty Ltd	8,806,515	7.30%

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 Tony Louka
(Non-executive Director to 19 August 2019)

Mr Anton Rohner (to 2 August 2019)
(Non-executive Director)

Mr Craig Ricato (to 30 September 2019)
(Managing Director and CEO)

Managing Director and CEO

Mr Craig Ricato (to 30 September 2019)

Interim Managing Director and CEO

Mr Tony Louka (from 19 August 2019)

COMPANY SECRETARY

Mr Damian Galvin (to 5 July 2019)

Mr Matthew Scott (from 1 July 2019 to 10 September 2019)

Mr Greg Watson (from 10 September 2019)

PRINCIPAL AND REGISTERED OFFICE

Corporate House, Kings Row 1
Level 2, 52 McDougall Street, Milton, QLD 4064

Telephone: +61 1300 038 069

Facsimile: +61 7 3721 7599

POSTAL ADDRESS

PO Box 2046, MILTON QLD 4064

INTERNET

www.renuenergy.com.au

EMAIL

info@renuenergy.com.au

ABN

55 095 006 090

BANKER

Westpac Banking Corporation

AUDITOR

BDO

SOLICITOR

Thomson Geer Lawyers

SHARE REGISTRY

Link Market Services Limited

Phone: +61 1300 554 474

Fax: +61 2 9287 0303

Postal address: Locked Bag A14, Sydney South NSW 1235

Website: www.linkmarketservices.com.au

Email: registrars@linkmarketservices.com.au

SECURITIES EXCHANGE LISTING

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

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