



Appendix 4D - Half year report

Results for announcement to the market

Name of Entity	BPH Energy Limited
ABN	41 095 912 002
Half Year Ended	31 December 2016
Previous Corresponding Reporting Period	31 December 2015

\$A'000

Revenues from ordinary activities	up	28%	to	102
(Loss) from ordinary activities after tax attributable to members	up	24%	to	(309)
Net (loss) for the period attributable to members	up	24%	to	(309)

The reduction in profitability can be attributed to significantly higher legal and employment expenses in the period, partially offset by higher interest revenue. Further details are provided in the Commentary on Results section below and in the attached Directors Reports and Financial Statements.

No dividends are proposed and no dividends were declared or paid during the current or prior year.

NTA Backing

Net tangible asset backing per ordinary security

Current period	Previous corresponding Period
5.69 cps	8.70 cps

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Appendix 4D (continued)

BPH Energy Ltd and its controlled entities

Commentary on Results

Revenue increased by 28% to \$102k (2015 \$80k), as the company continued to accrue interest on its secured loans to its investors. The company incurred operating expenses associated with raising capital to invest, and managing its investments. In addition, the group impaired the value of its intangible patent asset. The matters combined to increase in the loss for the period attributable to members which was up 24% to \$309k (2015: \$250k).

Capital Raising

On 8th July 2016, the company announced a significantly oversubscribed share placement plan with applications in excess of \$800,000 being received. As the company could only issue a maximum of 30% of its share capital pursuant to the plan, an amount of \$375,000 was raised. A total of 70,730,318 shares were issued.

A further private placement of shares to sophisticated and professional investors was also announced on 8th July. A total of 45,966,214 shares were issued, which raised approximately \$250,000 from existing shareholders of the company.

On 22 December, the company announced a pro rata non-renounceable rights offer of one new fully paid ordinary share in the capital of the Company for every one share held by eligible shareholders at an issue price of \$0.005 per New Share to raise up to approximately \$1,800,000 (before costs) At the date of this announcement, the Company had 361,600,549 Shares on issue. On 3rd February, an extension to the closing date for the issue was made until 22 February.

During the period, there was no change in the structure of the company's investments.

Cortical Dynamics Ltd

In November 2016, Cortical Dynamics was announced as the winner of the Australian Technologies (ATC) competition Advanced Manufacturing category, runner up in the Australian Technology Company of the Year, and runner up in the Med Tech and Pharma category. Over 130 companies of Australia's best technology companies were considered for these awards. Cortical was chosen as one of three finalists in the Medtech and Pharma award and as one of three in the further category for Advanced Manufacturing. Australian and international government partners of the ATC include the Australian Department of Industry, Innovation and Science, the City of Melbourne, the NSW Department of Industry, Hong Kong Trade & Development Council and UK Trade & Investment.

Cortical was also invited by the Australian Trade and Investment Commission ("Austrade") to attend and present at the Austrade Medtech Innovation Showcase 2016 held in Korea in September. The Showcase was for Australia's key industry experts and innovative Medtech companies with senior executives from leading Korean pharma and medical device companies. Cortical Chairman, Mr David Breeze presented Cortical's next generation Brain Function Monitor and met with four of the leading Korean teaching and research hospitals all of whom expressed interest in using the technology when it became available in Korea. Discussions were also initiated with a Korean Medical Device distribution company who approached Cortical seeking the Korea distribution rights. Organised by Austrade, with the support of the Department of Foreign Affairs and Trade (DFAT) and the Korean Health Innovation Development Institute (KHIDI) the showcase will provide a platform for Australian medtech organisations to meet with Korean businesses that are interested in partnering with Australian technology and solutions providers.

Advent Energy Ltd

Advent Energy's parent entity, MEC Limited, made no announcements of any significant developments on the investment during the period.

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Company Information

Directors

David Breeze – Executive Chairman
Thomas Fontaine – Non-executive Director
Greg Gilbert – Non-executive Director
Bruce Whan – Non-executive Director

Auditor

HLB Mann Judd
Level 4
130 Stirling Street
PERTH WA 6000

Scientific Advisors

Professor Peter Klinken
Professor David Liley

Share Registry

Advanced Share Registry Limited
110 Stirling Highway
NEDLANDS WA 6009

Registered Office

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NORTH PERTH WA 6006

Australian Business Number

41 095 912 002

Principal Business Address

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Directors' Report

BPH Energy Ltd and its controlled entities

The directors of BPH Energy Ltd submit herewith the financial report for the half year ended 31 December 2016. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the period are:

D L Breeze
T Fontaine
G Gilbert
B Whan

Review of Operations

Operating loss for the consolidated entity after tax for the year was \$344,637 (2015 \$250,766).

Significant changes in state of affairs

During the period there were no other significant changes in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Subsequent Events

On 22 December, the company announced a pro rata non-renounceable rights offer of one new fully paid ordinary share in the capital of the Company for every one share held by eligible shareholders. On 20 February, an extension to the closing date for the issue was made until 1 March.

Other than the above, there have not been any matters or circumstance that have arisen since the end of the period, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Dividends

The Directors recommend that no dividend be paid in respect of the current period and no dividends have been paid or declared since the commencement of the period.

Auditor's Independence

The directors received a declaration of independence from the auditor. This is included in the financial report on page 3.

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

On behalf of the Directors



D L Breeze
Executive Chairman
PERTH, 22 February 2016

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of BPH Energy Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
22 February 2017

B G McVeigh
Partner

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Directors' Declaration

BPH Energy Ltd and its controlled entities

The directors declare that:

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

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

On behalf of the Directors



D L Breeze
Executive Chairman
PERTH, 22 February 2016

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2016

BPH Energy Ltd and its controlled entities

		CONSOLIDATED	
	Note	31 December 2016 \$	31 December 2015 \$
Interest revenue	4	102,466	79,881
Administration expenses		(34,407)	(37,305)
Consulting and legal expenses		(127,866)	(68,484)
Depreciation and amortisation expense		(22)	(39)
Intangible asset impairment		(72,454)	-
Employee benefits expense		(68,309)	(1,386)
Insurance expenses		(9,066)	(10,323)
Other expenses		(11,072)	(71,768)
Share of associates loss		(59,534)	(82,870)
Service expenses		(64,373)	(58,472)
Operating loss before income tax		(344,637)	(250,766)
Income tax benefit		-	-
Operating loss for the period		(344,637)	(250,766)
Other comprehensive income		-	-
Total Comprehensive loss for the period		(344,637)	(250,766)
Loss attributable to non-controlling interest		(35,535)	(1,113)
Loss attributable to members of the parent entity		(309,102)	(249,653)
Loss per share-			
Basic and Diluted (cents per share)		(0.09)	(0.11)

The accompanying notes form part of these financial statements

**Condensed Consolidated Statement of Financial Position
for the period ended 31 December 2016**

BPH Energy Ltd and its controlled entities

	Note	31 December 2016 \$	30 June 2016 \$
Current Assets			
Cash and cash equivalents	5	419,975	111,648
Trade and other receivables		6,726	8,155
Financial assets	9	97,625	97,625
Other current assets		20,129	24,417
Total Current Assets		544,457	241,845
Non-Current Assets			
Financial assets	9	2,389,647	2,289,308
Investment in associates	8	19,856,432	19,915,966
Intangible assets		-	72,454
Property, plant and equipment		-	22
Total Non-Current Assets		22,246,079	22,277,750
Total Assets		22,790,536	22,519,595
Current Liabilities			
Trade and other payables		1,286,686	1,217,748
Financial liabilities		925,650	987,818
Total Current Liabilities		2,212,336	2,205,566
Total Liabilities		2,212,336	2,205,566
Net Assets		20,578,200	20,314,029
Equity			
Issued capital	6	42,431,899	41,759,904
Reserve		15,507,520	15,501,707
Accumulated losses		(37,202,682)	(36,893,580)
Non-controlling interests		(158,537)	(123,002)
Total Equity		20,578,200	20,314,029

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity for the half year ended 31 December 2016

BPH Energy Ltd and its controlled entities

CONSOLIDATED	Ordinary Share Capital \$	Accumulated losses \$	Options reserve \$	Fair Value Adjustment	Total attributable to owners of the parent entity \$	Non Controlling Interest \$	Total \$
Balance as at 1 July 2015	41,759,904	(36,384,122)	469,650	15,015,000	20,860,432	(121,014)	20,739,418
Loss for the period	-	(249,653)	-	-	(249,653)	(1,113)	(250,766)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the half year	-	(249,653)	-	-	(249,653)	(1,113)	(250,766)
Transactions with owners in their capacity as owners							
Options charges during the period	-	-	15,386	-	15,386	-	15,386
Balance for the half year ending 31 December 2015	41,759,904	(36,633,775)	485,036	15,015,000	20,626,165	(122,127)	20,504,038
Balance as at 1 July 2016	41,828,904	(36,893,580)	486,707	15,015,000	20,437,031	(123,002)	20,314,029
Loss for the period	-	(309,102)	-	-	(309,102)	(35,535)	(344,637)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the half year	-	(309,102)	-	-	(309,102)	(35,535)	(344,637)
Shares Issued	602,995	-	-	-	602,995	-	602,995
Transactions with owners in their capacity as owners							
Employee options expense	-	-	5,813	-	5,813	-	5,813
Balance for the half year ending 31 December 2016	42,431,899	(37,202,682)	492,520	15,015,000	20,736,737	(158,537)	20,578,200

The accompanying notes form part of these financial statements.

**Condensed Consolidated Statement of Cash Flows
for the half year ended 31 December 2016**

BPH Energy Ltd and its controlled entities

		CONSOLIDATED	
	Note	31 December 2016 \$	31 December 2015 \$
Cash Flows from Operating Activities			
Cash payments to suppliers		(196,795)	(119,617)
Interest received		2,127	282
Net cash used in operating activities		(194,668)	(119,335)
Cash Flows from Financing Activities			
Proceeds from issue of securities (net of share issue costs)		552,995	-
Proceeds from borrowings		-	90,000
Repayment of borrowings		(50,000)	-
Net cash provided by investing activities		502,995	90,000
<i>Net increase/(decrease) in cash held</i>		308,327	(29,335)
<i>Cash at the beginning of the financial Period</i>		111,648	98,562
Cash at the end of the financial period	5	419,975	69,227

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the period ended 31 December 2016

BPH Energy Ltd and its controlled entities

1. CORPORATE INFORMATION

The financial report of BPH Energy Ltd authorised for issue in accordance with a resolution of the directors on 22 February 2017.

BPH Energy Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting.

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(a) Basis of Preparation

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) Significant Accounting Policies

The half-year condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as used in the annual financial statements for the year ended 30 June 2016. The accounting policies are consistent with Australian Accounting Standards and with International Reporting Standards.

Standards and interpretations applicable to 31 December 2016

In the half year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2016. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Group accounting policies.

Standards and interpretations in issue not yet adopted, applicable to 31 December 2016

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2017. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Company and therefore no material change is necessary to Group accounting policies.

Notes to the Financial Statements for the period ended 31 December 2016

BPH Energy Ltd and its controlled entities

(c) Financial Position

The consolidated entity has incurred a net loss before tax for the period ended 31 December 2016 of \$344,637 (2015: \$250,766) and has a working capital deficit of \$1,667,879 (June 2016:\$1,963,721) as at that date.

Included in other payables are amounts payable to the directors of the company of \$1,249,701 (30 June 2016: \$1,151,613). The directors have reviewed their expenditure and commitments for the consolidated entity and have implemented methods of costs reduction. The directors as a part of their cash monitoring, have voluntarily suspended cash payments for their director's fees. In addition, Grandbridge Ltd has confirmed that financial liabilities of \$569,213 (30 June 2016: 285,392) will not be called for repayment for a period of at least 12 months from the date of this report.

The directors have prepared cash flow forecasts that indicate that the consolidated entity will have sufficient cash flows for a period of at least 12 months from the date of this report.

Based on the cash flow forecasts, including the directors not calling their outstanding fees, the Group receiving confirmation current financial liabilities will not be called for repayment for a period of 12 months from the date of this financial report, potential capital raisings and the monitoring of operational costs, the directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the settlement of liabilities in the ordinary course of business. Please refer to note 8 for disclosure regarding the uncertainty in relation to the realisation of assets.

3. OPERATING INFORMATION

Operating segments have been identified on the basis of internal reports of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Board of Directors. On a regular basis, the board receives financial information on the consolidated entity on a basis similar to the financial statements presented in the financial report, to manage and allocate their resources.

The consolidated entity's only operating segment is investments. The consolidated entity holds investments in two principal industries and these are biotechnology, and oil and gas exploration and development.

4. REVENUE, INCOME AND EXPENSES

	Consolidated	
	31 December 2016 \$	31 December 2015 \$
Revenue		
Interest revenue: other entities	102,466	79,881
Total revenue	102,466	79,881

Notes to the Financial Statements for the period ended 31 December 2016

BPH Energy Ltd and its controlled entities

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2016 \$	30 June 2016 \$
For the purpose of the half-year condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand from continuing operations	419,975	111,648
	<u>419,975</u>	<u>111,648</u>

6. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2016 \$	30 June 2016 \$
361,600,549 (30 June 2016: 235,766,727) fully paid ordinary shares	42,431,899	41,828,904

The Company has no authorised capital and the issued shares do not have a par value.

	Consolidated	
	No.	\$
Movements in ordinary shares on issue		
At the beginning of reporting period	235,766,727	41,828,904
Shares issued under Share Purchase Plan (SPP)	70,730,318	376,995
Cash received in prior period relating to SPP		(69,000)
Share issued as a private placement	45,966,214	245,000
Shares issued in satisfaction of consultancy fees	9,137,290	50,000
At reporting date	<u>361,600,549</u>	<u>42,431,899</u>

Capital Raising

During the period nil options were exercised (June 2016: nil options were exercised).

Fully Paid Ordinary Share Capital

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

7. COMMITMENTS AND CONTINGENT LIABILITIES

There have been no material changes to commitments and contingencies since 30 June 2016 except as disclosed in note 8.

Notes to the Financial Statements for the period ended 31 December 2016

BPH Energy Ltd and its controlled entities

8. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	31 December 2016 \$	30 June 2016 \$
Advent Energy Ltd	19,332,563	19,380,613
Molecular Discovery Systems Ltd	523,869	535,353
	19,856,432	19,915,966

(a) Shares in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.

Name of Entity	Country of Incorporation	Ownership Interest %	
		December 2016	June 2016
Molecular Discovery Systems	Australia	20%	20%
Advent Energy Ltd	Australia	27%	27%

Advent Energy Ltd, has commitments for its exploration permits of \$4,797,000 over the next 15 months from the reporting date under the terms of its application licences in order to maintain tenure. Of the above commitments \$1,997,500 is due within 12 months of the reporting period. The recoverability of the investment is dependent on successful exploitation of the licences held by Advent.

9. FINANCIAL ASSETS

	Consolidated	
	31 December 2016 \$	30 June 2016 \$
Current		
Unsecured Loans to other entities: (b)		
Grandbridge Ltd	55,645	55,645
MEC Resources Limited	2,494	2,494
Advent Energy Limited	39,486	39,486
	97,625	97,625
Non-current		
Loans and receivables at amortised cost		
Secured loans to other entities: (c)		
Cortical Dynamics Limited	1,818,920	1,738,359
Molecular Discovery Systems Limited	521,778	502,000
Available for sale financial assets (a)	48,949	48,949
	2,389,647	2,289,308

Fair Value of Financial Assets

The methods and valuation techniques used for the purpose of measuring fair value of the company's financial assets are unchanged compared to the previous reporting period.

Notes to the Financial Statements for the period ended 31 December 2016

BPH Energy Ltd and its controlled entities

The levels of the hierarchy are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This applies to the financial assets described in (a) below.

(a) Available for sale financial assets (Level 3) comprise:

Unlisted investments, at fair value

- Shares in other corporations

48,949

48,949

Total available for sale financial assets

48,949

48,949

(b) These loans are unsecured, non interest bearing and repayable on demand.

(c) These loans are convertible on the recipient entity being admitted to the official list, are secured by a charge over the assets and undertakings of each entity, and are interest bearing.

10. EVENTS SUBSEQUENT TO REPORTING DATE

On 22 December, the company announced a pro rata non-renounceable rights offer of one new fully paid ordinary share in the capital of the Company for every one share held by eligible shareholders at an issue price of \$0.005 per New Share to raise up to approximately \$1,800,000 (before costs) At the date of this announcement, the Company had 361,600,549 Shares on issue. On 20 February, an extension to the closing date for the issue was made until 1 March.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BPH Energy Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BPH Energy Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BPH Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants



B G McVeigh
Partner

Perth, Western Australia
22 February 2017

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