

VERUS INVESTMENTS LIMITED

ABN 59 009 575 035

ASX Appendix 4D & Financial report for the half-year ended
31 December 2006

**ASX Appendix 4D & Financial report for the
half-year ended 31 December 2006**

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Verus Investments Limited

Results for announcement to the market

Current reporting period: half-year ended 31 December 2006
and previous reporting period: half-year ended 31 December 2005

Results				A\$
Revenues	Up	1,913%	to	8,050
Loss from ordinary activities after tax attributable to members	Down	86%	to	(29,342)
Net Loss for the period attributable to members	Down	86%	to	(29,342)
Dividends (distributions)	Amount per security		Franked amount per security	
<i>Current period</i>				
Interim dividend declared	-		-	
Final dividend paid	-		-	
<i>Previous corresponding period</i>				
Interim dividend declared	-		-	
Special dividend paid	-		-	
Final dividend paid	1.22		30%	
Record date for determining entitlements to the dividend,	N/A			

Brief explanation of revenue, net profit and dividends (distributions).

The current period revenue of \$8,050 (31 December 2005: \$400) relates solely to dividend income received. Trading in the financial assets resulted in a change in fair value that increased the carrying value of the financial assets by \$325,921 in the current period compared to a loss of \$12,494 in the prior period. These outcomes have been disclosed as other income and expenses respectively.

The overall result after overheads was a net loss of \$29,342 compared to a net loss of \$205,698 for the previous corresponding period. This result includes approximately \$208,000 in costs associated with due diligence for an acquisition opportunity reviewed during the period that will not proceed.

Directors' report

The directors of Verus Investments Limited ("Company") submit herewith the financial report for the half-year ended 31 December 2006. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

Dean Lloyd Gallegos
Simon Fyfe
Anthony John McClure
Warren Dunne

The above named directors held office during and since the end of the half-year except for:

Warren Dunne (appointed 16 October 2006 and resigned 23 November 2006)

Review of Operations

During the period the Company appraised several acquisition opportunities. On 13 October 2006 the Company announced it had entered into a conditional agreement to acquire a 74% interest in the Vanamin Vanadium Project located in South Africa. After completing a detailed due diligence and on advice from its consultants, the board concluded it was not in the best interest of shareholders to proceed with this acquisition.

On 22 December 2006 a master participation agreement was signed with AUS-TEX Exploration Inc, a wholly-owned subsidiary of Austin Exploration Limited. This agreement facilitated an investment by way of a farm-in to the St Gabriel 1 oil and gas well located in Iberville in onshore South Louisiana, USA. The Company will earn a 12.5% working interest by paying 25% of the anticipated drilling costs (\$2,033,879), which will revert to a 10% working interest (7.425% net royalty interest) after disbursement of drilling costs if the well is brought into production.

The Company continues to seek suitable acquisition opportunities. In addition to these activities the Company continued to conduct investment trading activities concentrating on ASX listed securities.

Warren Dunne was appointed to the board on 16 October 2006 and resigned on 23 November 2006 after the Company announced it would no longer proceed with the acquisition of the Vanamin Vanadium Project.

Auditor's independence declaration

The auditor's independence declaration is included on page 3 of the half-year financial report

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

On behalf of the Directors



Dean L Gallegos

Sydney, 14 February 2007

Verus Investments Limited
The Board of Directors
Level 12
37 Bligh Street
Sydney
NSW 2000

14 February 2007

Dear Board Members

VERUS INVESTMENTS LIMITED

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

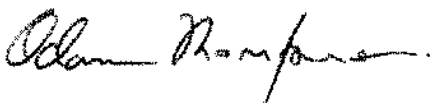
As lead audit partner for the review of the financial statements of Verus Investments Limited for the half-year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Adam Thompson
Partner
Chartered Accountants

Independent Auditor's Review Report to the Members of Verus Investments Limited

We have reviewed the accompanying half-year financial report of Verus Investments Limited, which comprises the balance sheet as at 31 December 2006, and the income statement, statement of recognised income and expense, and cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration of the company as set out on pages 6 to 13.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2006 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 Verus Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

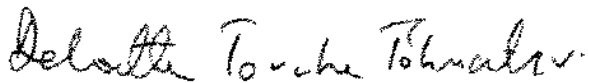
In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Deloitte.

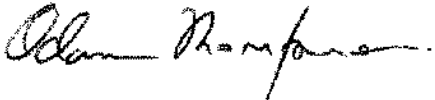
Conclusion

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 Verus Investments Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



DELOITTE TOUCHE TOHMATSU



Adam Thompson
Partner
Chartered Accountants
14 February 2007

Directors' declaration

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 company.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Directors:



Dean L Gallegos

Sydney, 14 February 2007

Verus Investments Limited

Condensed income statement for the half-year ended 31 December 2006

	Note	Half-year ended 31 Dec 2006 \$	Half-year ended 31 Dec 2005 \$
Revenue – dividends		8,050	400
Change in fair value of financial assets classified as fair value through the profit and loss		325,921	(12,494)
Other income – interest received		155,610	14,860
Occupancy expenses		(11,927)	(10,091)
Option cost for Vanadium business opportunity	2	(208,172)	-
Administration expenses		(285,212)	(191,193)
Finance costs		-	(24)
Other expenses		(13,612)	(7,156)
Loss before tax		(29,342)	(205,698)
Income tax expense		-	-
Loss for the period		(29,342)	(205,698)
Earnings per share:			
Basic (cents per share)		(0.01) cents	(0.20) cents
Diluted (cents per share)		(0.01) cents	(0.20) cents

Notes to the financial statements are included on pages 11 to 13.

Verus Investments Limited

Condensed balance sheet as at 31 December 2006

	Note	31 December 2006	30 June 2006
Current assets			
Cash and cash equivalents		4,001,055	5,199,210
Trade and other receivables		37,784	1,920,186
Other financial assets		2,036,100	3,016,297
Other		5,815	5,368
Total current assets		6,080,754	10,141,061
Non-current assets			
Property, plant and equipment		2,331	2,339
Intangible assets	3	2,033,879	-
Total non-current assets		2,036,210	2,339
Total assets		8,116,964	10,143,400
Current liabilities			
Trade and other payables		123,230	2,114,421
Total current liabilities		123,230	2,114,421
Total liabilities		123,230	2,114,421
Net assets		7,993,734	8,028,979
Equity			
Issued capital		8,824,377	8,830,280
Reserves		5,850	5,850
Accumulated losses		(836,493)	(807,151)
Total equity		7,993,734	8,028,979

Notes to the financial statements are included on pages 11 to 13.

Verus Investments Limited

Condensed statement of recognised income and expense for the half-year ended 31 December 2006

	Half-year ended 31 Dec 2006	Half-year ended 31 Dec 2005
Loss for the period	(29,342)	(205,698)
Total recognised income and expense for the period	(29,342)	(205,698)

Notes to the financial statements are included on pages 11 to 13

Verus Investments Limited

**Condensed cash flow statement
for the half-year ended 31 December 2006**

	Half-year ended 31 Dec 2006	Half-year ended 31 Dec 2005
Cash flows from operating activities		
Proceeds on sale of investment securities	6,423,264	3,489,317
Interest received	157,357	14,423
Dividends received	2,050	5,900
Withholding tax (paid)/refunded	(1,052)	1,030
Other income	-	437
Payments to suppliers and employees	(332,896)	(247,610)
Payments for investment securities	(6,837,503)	(3,552,516)
Net cash used in operating activities	(588,780)	(289,019)
Cash flows from investing activities		
Payment for option cost for Vanadium business opportunity	(208,172)	-
Payment for intangible assets	(2,033,879)	-
Payment for property, plant & equipment	(255)	(3,115)
Net cash used in investing activities	(2,242,306)	(3,115)
Cash flows from financing activities		
Proceeds from issues of equity securities	1,850,903	-
Dividends paid	-	(252,557)
Payment for share issue costs	(217,972)	-
Net cash provided by/(used in) financing activities	1,632,931	(252,557)
Net decrease in cash and cash equivalents	(1,198,155)	(544,691)
Cash and cash equivalents at the beginning of the half-year	5,199,210	723,145
Cash and cash equivalents at the end of the half-year	4,001,055	178,454

Notes to the financial statements are included on pages 11 to 13

**Notes to the condensed financial statements for the half-year ended 31
December 2006**

1. Summary of accounting policies

Statement of compliance

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

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2006 annual financial report for the financial year ended 30 June 2006, other than as detailed below.

Adoption of new and revised Accounting Standards

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's accounting policies however the company would draw attention of users of the financial report to the following area:

Limitation of ability to designate financial assets and financial liabilities through profit or loss

The Australian Accounting Standards Board ('AASB') released AASB 2005-4 'Amendments to Australian Accounting Standards' in June 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' by limiting the ability of entities to designate any financial asset or financial liability as 'at fair value through profit or loss'.

Financial assets that can no longer be designated as 'at fair value through profit or loss' shall be classified into either loans and receivables, held-to-maturity investments or available-for-sale investments, as appropriate, and measured at amortised cost or at fair value with changes in fair value recognised in equity, depending on classification. Financial liabilities that can no longer be designated as 'at fair value through profit or loss' shall be classified as 'other' financial liabilities and measured at amortised cost.

The changes introduced by AASB 2005-4 are applied by the company with effect from the beginning of the comparative reporting period presented in this financial report (i.e., with effect from 1 July 2005). Financial assets and financial liabilities designated by the company as 'at fair value through profit or loss' continue to meet the revised designation rules and, accordingly, the application of these amendments has no impact on the financial statements.'

Notes to the condensed financial statements for the half-year ended 31 December 2006 (cont'd)

2. Vanamin Vanadium Project

During the half-year ended 31 December 2006 the company negotiated a conditional agreement to acquire a 75% interest in the Vanamin Vanadium Project located in South Africa and incurred approximately \$208,000 relating to 'option' acquisition fees and associated due diligence costs. These costs were subsequently expensed after the Company had conducted the due diligence and received technical advice which confirmed that it was not in the best interests of the shareholders to proceed with this acquisition.

3. Intangible assets

The intangible asset comprises exploration and drilling costs incurred during the period in relation to the Master Participation Agreement signed with AUS-Tex Exploration Inc for the St Gabriel 1 Oil and Gas well.

4. Revisions of accounting estimates

None to report during the period.

5. Subsequent events

On 24 January 2007 the Company announced that further to the execution of the Master Participation Agreement with AUS-Tex Exploration Inc. the Company had completed due diligence and decided to proceed with the farm-in of two further prospects. The two prospects are the St Gabriel 2 well, also located in Iberville in onshore South Louisiana, and the SW Edwards well located in the South West Edwards Field in Hinds County some 25 miles south west of the State Capital, Jackson.

No other matter or circumstance has arisen since the end of the half-year reporting period which has not been dealt with in the financial statements that has significantly affected or may significantly effect:

- (i) the operations of the Company;
- (ii) the results of those operations; or
- (iii) the state of affairs of the Company.

6. Dividends

Recognised amounts

Fully paid ordinary shares

Final dividend

Half-year ended 31 December 2006		Half-year ended 31 December 2005	
Cents per share	Total \$	Cents per share	Total \$
	-	1.22	252,557

7. Segment information

The Company operates predominantly in one industry being the identification and execution of investment opportunities, for any short, medium or long term purpose whether or not those opportunities relate to securities which are listed on a Securities Exchange. All revenue and profit for the current period has been generated in one geographical location being Australia.

8. Contingencies and commitments

As at 31 December 2006 there were no contingent assets (2005:nil) and no contingent liabilities (2005:nil).

9. Issuances, repurchases and repayments of securities

There were no changes to report during the period.

**Notes to the condensed financial statements for the half-year ended 31
December 2006 (cont'd)**

10. Acquisitions and disposals

There were no acquisitions or disposals to report during the period.

Verus Investments Limited

Other information required to be given to ASX under listing rule 4.2A.3

<i>Net tangible assets per security</i>	Current period	Previous corresponding period
Net tangible assets per security	2.50 cents	2.32 cents

Details of entities over which control has been gained or lost during the period

Name of entity	Date of gain or loss of control	Contribution to reporting entity's profit
N/A		

Details of associates and joint venture entities

Name of entity	Percentage of ownership interest held at end of period		Aggregate share of net profit (loss) contributed to the reporting entity	
	Current period	Previous corresponding period	Current period \$A	Previous corresponding period \$A
N/A				
Total				