

# JATOIL LIMITED

ABN 31 122 826 242

## ASX APPENDIX 4E RESULTS FOR ANNOUNCEMENT TO THE MARKET PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

### Financial Results

Revenue from ordinary activities for the period	\$ 633,400	up	20.3%
Loss from ordinary activities after tax for the period attributable to members	\$3,298,791	down	31.4%
Net loss after tax for the period attributable to members	\$3,298,791	down	31.4%

### Dividends

The Company has not paid dividends and is not proposing to pay dividends.

EPS	As at 30.06.2009	As at 30.06.2008
Loss per share	2.46 cents	4.81 cents
Net Tangible Assets	As at 30.06.2009	As at 30.06.2008
Net tangible assets per ordinary share	7.89 cents	8.38 cents

### Commentary on Results

The major operational activities during the year were as follows:

The Group continued to screen business opportunities in Asia and Africa during the year. During the process of screening opportunities the Group has had advanced discussions with several parties in the Philippines and other countries in South East Asia.

During the year the Group disposed of its 50% shareholding in PT Biodiesel Austindo. This resulted in the buyback of 20 million shares in Jatoil which were subsequently cancelled following approval at a general meeting of shareholders held on 23 June 2009.

Jatoil's core focus on the development of Jatropha business has been strengthened through some key contract appointments to help manage and develop our projects with our local partners. David Granger joined Jatoil in March 2009 as a field operations manager and is assisting with the project in Vietnam. Graham Brown from the University of Sydney is undertaking a Jatropha plant breeding program for Jatoil.

In Vietnam, Jatoil continued to work with our local partner, Green Energy Vietnam, to expand from a trial plot program into a small commercial scale operation. A farmer contract model was formulated

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(with key input from Dutch NGO SNV) that will ensure the business is socially, environmentally and economically sustainable, even at low oil prices. As at June 2008, over 100 hectares of trial plots had been planted, with plans well underway for the major expansion in the latter half of 2009.

In May, Jatoil announced the formation of an alliance with H&WB to investigate the joint development of Jatropha projects in the Philippines. As at June 2009, early due diligence on a potential project in Mindanao had commenced.

In early 2009, the board and management undertook a strategic review of the Group and its business activities. The key outcomes of the review were:

- Jatoil's vision is to be a major player in the commercialisation of "socially, environmentally, and economically sustainable renewable energy" projects.
- Jatoil is focussed initially on developing bio-feedstock and biofuel businesses in Asia and Oceania. Jatoil will also explore opportunities to build on core expertise and attract capital to develop a renewable energy technology investment and development portfolio to spread both risk and opportunity.
- Jatoil is of the view that while fossil fuels and carbon costs will increase over the longer term, any renewable energy business it develops will need to be robust and competitive over the medium term to survive in volatile energy markets

Management and the board believe they have taken the appropriate steps to ensure the Group is in a strong position to manage with the current uncertain economic times and exploit future opportunities. Management and the board remain confident that an improving market will allow the Group to continue its growth strategy over the coming periods.

The consolidated loss of the Group for the period after providing for income tax amounted to \$3,298,791 (2008 - \$4,807,066).

The 2009 loss is attributable to the following:

- A non cash asset impairment charge of \$1,176,699 relating to the Company's former investment in its 50% previously owned Indonesian subsidiary (2008 - \$2,700,000).
- Employment benefits of \$523,388 (2008 - \$371,293).
- Consultancy expenses of \$865,623 (2008 - \$786,433) mainly relating to the costs of business development in Vietnam, Indonesia and the provision of corporate services to the company.
- Professional costs of \$303,063 (2008 - \$397,386) relating to legal fees associated with establishing joint ventures in Indonesia and Vietnam, and auditor remuneration.

#### **Significant Events Since Balance Sheet Date**

The Company has signed a Memorandum of Understanding (MOU) with a leading European-backed jatropha biofuel producer, PT Waterland International.

The MOU outlines a potential transaction that would involve Jatoil buying a controlling interest in 1000-2000 hectares of established jatropha farming ventures in central Java, with plans for considerable expansion and short-term revenue generation. Jatoil will now undertake a formal due diligence process in relation to the potential transaction and will keep the market informed of its progress.

If completed, the Waterland venture would give Jatoil another important production centre in Asia to add to its existing Vietnamese joint venture operations. The biofuel operation in Vietnam is currently being expanded, with contracts being signed with farmer co-operatives. Nurseries have been established to provide seedlings for the planting of the expansion area in the southern province of Ninh Thuan, which will occur from August to December 2009.

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Since the end of the financial year the company has increased its equity investment in Green Energy Joint Stock Company (foreign entity) to 30.0%.

#### **Control lost over entities having material effect**

Jatoil Limited, PT Biodiesel Austindo and its founding shareholders agreed to unwind their joint venture to develop jatropha plantations in Indonesia. The \$4 million venture was formed in January 2008, whereby Jatoil acquired 50% from the original shareholders of PT Biodiesel Austindo in return for 20 million shares in Jatoil.

Jatoil shareholder approved the effective unwinding of the joint venture by approving selective buyback of the 20 million shares pursuant to section 257D of the Corporation Act at a general meeting of shareholders held on 23 June 2009.

Further detail is included in Note 2.

#### **Details of associates and joint venture entities**

The company has made equity investments of up to 28.09% in a foreign entity, Green Energy Joint Stock Company as at 30 June 2009.

Further detail is included in Note 1.

#### **Status of audit and description of likely disputes or qualifications**

This preliminary final report is in the process of being audited. No matters have arisen which would result in a dispute or qualification.

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**Jatoil Limited**  
**Income statements**  
For the year ended 30 June 2009

	Notes	Consolidated		Parent entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
Revenue		<b>472,888</b>	485,691	<b>472,888</b>	485,575
Other income		<b>160,512</b>	41,026	<b>200,512</b>	-
Gain from loss of control of subsidiary		<b>233,562</b>	-	-	-
Consultancy expenses		<b>(865,623)</b>	(786,433)	<b>(865,623)</b>	(786,433)
Share-based compensation		<b>(15,322)</b>	(292,196)	<b>(15,322)</b>	(292,196)
Insurance expense		<b>(79,522)</b>	(72,848)	<b>(79,522)</b>	(70,955)
Depreciation and amortisation expense		<b>(5,870)</b>	(4,550)	<b>(5,870)</b>	(1,646)
Professional fees		<b>(303,063)</b>	(397,386)	<b>(303,063)</b>	(396,217)
Directors' remuneration		<b>(226,002)</b>	(134,360)	<b>(226,002)</b>	(134,360)
Employee benefits expense		<b>(523,388)</b>	(371,293)	<b>(523,388)</b>	(286,282)
Travel expenses		<b>(130,792)</b>	(330,684)	<b>(130,792)</b>	(318,219)
Occupancy expenses		<b>(57,147)</b>	(50,055)	<b>(57,147)</b>	(50,055)
Share of associate's loss		<b>(215,610)</b>	(33,311)	<b>(215,610)</b>	-
Finance costs		-	(7,434)	-	-
Foreign exchange losses		<b>(315,302)</b>	-	<b>(315,302)</b>	-
Other expenses		<b>(251,413)</b>	(319,243)	<b>(190,659)</b>	(250,159)
Impairment of assets		<b>(1,176,699)</b>	(2,700,000)	<b>(1,176,699)</b>	(2,500,000)
<b>Loss before income tax</b>		<b>(3,298,791)</b>	(4,973,076)	<b>(3,431,599)</b>	(4,600,947)
Income tax expense		-	-	-	-
<b>Loss for the Year</b>		<b>(3,298,791)</b>	(4,973,076)	<b>(3,431,599)</b>	(4,600,947)
Attributable to minority equity interest		-	166,010	-	-
<b>Net loss attributable to equity holders of Jatoil Limited</b>		<b>(3,298,791)</b>	(4,807,066)	<b>(3,431,599)</b>	(4,600,947)
<b>Loss per share for loss attributable to the ordinary equity holders of the Company:</b>		<b>Cents</b>	<b>Cents</b>		
Basic loss per share		(2.46)	(4.81)		
Diluted loss per share		(2.46)	(4.81)		

*The above income statements should be read in conjunction with the accompanying notes.*

**Jatol Limited**  
**Balance sheets**  
As at 30 June 2009

	Notes	Consolidated		Parent entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		<b>7,479,220</b>	10,025,334	<b>7,479,220</b>	9,970,458
Trade and other receivables		<b>62,144</b>	148,571	<b>62,144</b>	384,653
<b>Total current assets</b>		<b>7,541,364</b>	10,173,905	<b>7,541,364</b>	10,355,111
<b>Non-current assets</b>					
Property, plant and equipment		<b>27,319</b>	38,623	<b>27,319</b>	30,371
Intangible assets		-	1,571,178	-	-
Investments accounted for using the equity method	1	<b>1,619,219</b>	1,443,376	<b>1,619,219</b>	1,476,687
Financial assets	2	-	-	-	1,556,776
<b>Total non-current assets</b>		<b>1,646,538</b>	3,053,177	<b>1,646,538</b>	3,063,834
<b>Total assets</b>		<b>9,187,902</b>	13,227,082	<b>9,187,902</b>	13,418,945
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		<b>146,297</b>	377,042	<b>146,297</b>	281,048
Short term provisions		<b>23,197</b>	29,901	<b>23,197</b>	29,901
<b>Total current liabilities</b>		<b>169,494</b>	406,943	<b>169,494</b>	310,949
<b>Total liabilities</b>		<b>169,494</b>	406,943	<b>169,494</b>	310,949
<b>Net assets</b>		<b>9,018,408</b>	12,820,139	<b>9,018,408</b>	13,107,996
<b>EQUITY</b>					
Contributed equity		<b>16,921,950</b>	17,521,950	<b>16,881,950</b>	17,521,950
Reserves		<b>307,518</b>	210,458	<b>307,518</b>	292,196
Accumulated losses		<b>(8,211,060)</b>	(4,912,269)	<b>(8,171,060)</b>	(4,706,150)
<b>Total equity</b>		<b>9,018,408</b>	12,820,139	<b>9,018,408</b>	13,107,996

*The above balance sheets should be read in conjunction with the accompanying notes.*

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**Jatol Limited**

**Statements of changes in equity**

For the year ended 30 June 2009

	Notes	Consolidated		Parent entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>Total equity at the beginning of the financial year</b>		<b>12,820,139</b>	906,797	<b>13,107,996</b>	906,797
<b>Loss for the year</b>		<b>(3,298,781)</b>	(4,807,066)	<b>(3,431,599)</b>	(4,600,947)
<b>Total recognised income and expense for the year</b>		<b>(3,298,781)</b>	(4,807,066)	<b>(3,431,599)</b>	(4,600,947)
<b>Transactions with equity holders</b>					
Contributions of equity, net of transaction costs		-	11,958,700	-	11,958,700
Shares issued on acquisition of subsidiary		-	4,000,000	-	4,000,000
Shares cancelled		<b>(640,000)</b>	-	<b>(640,000)</b>	-
Parent entity share of associates loss		-	-	<b>(33,311)</b>	-
Shares issued on investment		-	551,250	-	551,250
Movement in share based payments reserve		<b>15,322</b>	292,196	<b>15,322</b>	292,196
<b>Total transactions with equity holders</b>		<b>(624,678)</b>	16,802,146	<b>(657,989)</b>	16,802,146
<b>Minority interest</b>		<b>180,412</b>	(180,412)	-	-
Exchange differences on translation of foreign operations		<b>(58,684)</b>	98,674	-	-
<b>Total equity at the end of the financial year</b>		<b>9,018,408</b>	12,820,139	<b>9,018,408</b>	13,107,996

*The above statements of changes in equity should be read in conjunction with the accompanying notes.*

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**Jatoil Limited**  
**Cash flow statements**  
For the year ended 30 June 2009

	Notes	Consolidated		Parent entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Payments to suppliers and employees		(2,724,629)	(2,281,962)	(2,669,753)	(2,281,022)
GST refund received		73,067	-	73,067	-
Interest paid		-	(7,434)	-	-
<b>Net cash outflow from operating activities</b>		<b>(2,651,562)</b>	<b>(2,289,396)</b>	<b>(2,596,686)</b>	<b>(2,281,022)</b>
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment		(2,818)	(43,173)	(2,818)	(32,017)
Payments for intangible assets		-	(26,832)	-	(26,832)
Payment for investment in associate		(364,622)	(925,437)	(364,622)	(925,437)
Payment for investment in subsidiaries		-	44,346	-	(29,944)
Loan to other party		-	(125,110)	-	(125,110)
Interest received		472,888	485,691	472,888	485,575
<b>Net cash inflow/(outflow) from investing activities</b>		<b>105,448</b>	<b>(590,515)</b>	<b>105,448</b>	<b>(653,765)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issues of shares and other equity securities net of transaction costs		-	11,958,700	-	11,958,700
<b>Net cash inflow from financing activities</b>		<b>-</b>	<b>11,958,700</b>	<b>-</b>	<b>11,958,700</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(2,546,114)</b>	<b>9,078,789</b>	<b>(2,491,238)</b>	<b>9,023,913</b>
Cash and cash equivalents at the beginning of the financial year		10,025,334	946,545	9,970,458	946,545
<b>Cash and cash equivalents at end of year</b>		<b>7,479,220</b>	<b>10,025,334</b>	<b>7,479,220</b>	<b>9,970,458</b>

*The above cash flow statements should be read in conjunction with the accompanying notes.*

## 1. Non-current Assets - Investments Accounted for using the Equity Method

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Shares in associates	1,619,219	1,443,376	1,619,219	1,476,687
	<b>1,619,219</b>	<b>1,443,376</b>	<b>1,619,219</b>	<b>1,476,687</b>

### (a) Investments in associates

Investments in associates are accounted for in the consolidated financial statement using the equity method of accounting and are carried at cost by the parent entity.

### (b) Movements in carrying amounts

	Consolidated	
	2009	2008
	\$	\$
Carrying amount at the beginning of the financial year	1,443,376	-
New investments during the year	391,453	1,476,687
Dividends received/receivable	-	-
Share of associate loss after income tax	(215,610)	(33,311)
Carrying amount at the end of the financial year	1,619,219	1,443,376

The investment in Green Energy was based on a business plan to produce jatropa and a positive cashflow by 2014. Notwithstanding the loss incurred by this entity to date and the uncertainties involved in achieving the original business plan the directors believe that this investment is held in accordance with the original plan and have therefore not impaired any value thereon.

## 2. Financial Assets

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Investment in subsidiary - PT Biodiesel Austindo	-	-	-	1,556,776
	-	-	-	1,556,776

These financial assets are carried at cost.

### Movement in carrying amount

	Parent Entity
	2009
	\$
Carrying amount at the beginning of the financial year	1,556,776
Impairment of asset	(956,776)
Share cancellation	(600,000)
Carrying amount at the end of the financial year	-