

Appendix 4E

Preliminary final report for the Year Ended 30 June 2009

1. Company details

Name of entity

AUSTRALIAN RENEWABLE FUELS LIMITED

ABN

66 096 782 188

Financial year ended
(‘current year’)

30 June 2009

Financial year ended
(‘previous year’)

30 June 2008

2. Results for announcement to the market

2.1 Revenue from continuing operations	Down	62%	to	2,028,177
2.2 (Loss) from operations after tax attributable to members (excludes impairment of assets)	Up	55%	to	(7,683,709)
2.3 Net (loss) for the period attributable to members	Down	85.4%	to	(8,979,709)
2.4 Dividends	Amount per security	Franked amount per security		
Final dividend proposed	Nil	Nil		
Interim dividend	Nil	Nil		
2.5 Record date for determining entitlements to the final dividend.	N/A			
2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.				
<p>(a) The Group’s major activity during the financial year ended 30 June 2009 was the production and marketing of biodiesel in Australia. During the period both biodiesel plants, Picton in Western Australia and Largs Bay in South Australia were producing as required to customer demand. The continued increases in the prices of feed stocks during the period had a significant impact on the sale of biodiesel.</p> <p>(b) The significant decrease in the net loss for the period attributable to members reflects the minimal impairment charge made to the profit loss in relation to the operating assets both at the Picton and Adelaide sites in comparison to the prior period.</p> <p>(c) No dividends were declared or paid during the financial year ended 30 June 2009.</p>				

3. Consolidated income statement

	Current year \$	Previous year \$
Revenues from continuing operations	2,028,177	5,338,733
Revenue from outside operating activities	-	-
Expenses from ordinary activities, excluding borrowing costs (refer note 3.1) and impairment of assets	(9,618,964)	(14,450,346)
Impairment of assets	(1,296,000)	(44,714,010)
Borrowing costs	(92,922)	(249,127)
(Loss) before income tax	(8,979,709)	(54,074,750)
Income tax benefit	-	(7,748,012)
Net (loss) for the year	(8,979,709)	(61,822,762)
Net (loss) attributable to minority interests	-	8,229,319
Net (loss) attributable to members	(8,979,709)	(53,593,443)

Notes to the consolidated income statement

3.1 Expenses from ordinary activities (excluding borrowing costs and impairment of assets)

Details of "Expenses from ordinary activities"	Current year \$	Previous year \$
Changes in inventories of finished goods, raw materials and consumables	(2,515,672)	(7,667,808)
Employee benefits expense	(2,092,819)	(2,358,135)
Depreciation and amortisation expense	(4,005,991)	(1,528,082)
Impairment of non-current assets	(1,296,000)	(44,714,010)
Other expenses from ordinary activities	(1,097,404)	(3,145,448)
Total Expenses	(11,007,886)	(59,413,483)

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3.2 Other disclosures relating to the income statement

	Current year \$	Previous year \$
Net gain/(loss) on the disposal of assets:		
- Profit on disposal of subsidiary	826,440	-
Net revenue/(expense) since the beginning of the reporting period resulting from deductions from the carrying amounts of assets :		
- amortisation of non-current assets	-	-
- depreciation of non-current assets	(4,005,991)	(1,528,082)

3.3 Revision of accounting estimates

Details of Revision of Accounting Estimates in accordance with AASB 118
N/A

4. Condensed consolidated balance sheet

	Current year \$	Previous year \$
Current assets		
Cash and cash equivalents	5,427	1,310,923
Trade and other receivables	177,275	1,240,115
Inventories	428,525	1,455,964
Other financial assets	204,315	136,192
Assets classified as held for sale	678,985	-
Total current assets	1,494,527	4,143,194
Non-current assets		
Property, plant and equipment	3,999,855	9,961,707
Intangibles	-	-
Total non-current assets	3,999,855	9,961,707
Total assets	5,494,382	14,104,901

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	Current year \$	Previous year \$
Current liabilities		
Trade and other payables	2,204,165	2,729,969
Interest bearing loans & borrowings	1,000,000	431,494
Total current liabilities	3,204,165	3,161,463

Non-current liabilities		
Interest bearing loans & borrowings	17,199	52,498
Total non-current liabilities	17,199	52,498
Total liabilities	3,221,364	3,213,961
Net assets	2,273,018	10,890,940

Equity		
Contributed equity	102,639,583	102,289,677
Reserves	(74,711)	(86,592)
Retained profits/(accumulated losses)	(100,291,854)	(91,312,145)
Equity attributable to members of the parent entity	2,273,018	10,890,940
Minority interests in controlled entities	-	-
Total equity	2,273,018	10,890,940

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5. Condensed consolidated statement of cash flows

	Current year \$	Previous year \$
Cash flows from operating activities		
Cash receipts in the course of operations	3,007,326	6,107,680
Cash payments in the course of operations	(5,318,790)	(12,384,647)
Interest received	12,679	80,236
Finance costs	(92,922)	(249,127)
Net cash (used) in operating activities	(2,391,707)	(6,445,858)
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(68,892)	(1,932,956)
Proceeds of sales of fixed assets	-	304,518
Payments for intangibles	-	(151,334)
Net cash outflow on sale of subsidiary	(292,560)	-
Net cash (used) in investing activities	(361,452)	(1,779,772)
Cash flows from financing activities		
Proceeds from issues of shares – net of share issue costs	349,906	4,937,683
Proceeds from borrowings	600,000	-
Repayment of borrowings	-	(1,261,779)
Reduction in finance lease liabilities	(42,024)	-
Net cash provided by financing activities	907,882	3,675,904
Net increase/(decrease) in cash held	(1,845,277)	(4,549,726)
Cash at beginning of period	1,310,923	6,081,472
Effects of exchange rate fluctuation on cash held in foreign currency	(70,703)	(220,823)
Cash at end of period	(605,057)	1,310,923

5.1 Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows.

N/A

5.2 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the condensed consolidated statement of cash flows) to the related items in the accounts is as follows:	Current year \$	Previous year \$
Cash on hand and at bank	5,427	1,310,923
Bank overdraft	(610,484)	-
Total cash at end of period	(605,057)	1,310,923

5.3 Reconciliation of profit from ordinary activities after income tax to net cash inflow from operating activities

	Current year \$	Previous year \$
Net (Loss)	(8,979,709)	(61,822,762)
Depreciation, amortisation and impairment	5,301,991	53,992,092
Profit on sale of non-current assets	-	(26,716)
Allowance for doubtful debts	71,012	-
Profit on disposal of subsidiary	(826,440)	-
Assets disposed on sale of subsidiary	56,058	-
Share options expense	82,584	(776,412)
(Increase) decrease in assets:		
Decrease/(increase) in trade receivables and other	923,705	875,899
Decrease/(increase) in inventories	1,027,439	2,356,811
Increase/(decrease) in liabilities:		
Increase/(decrease) in trade payables, accruals and other	(1,167,347)	(1,044,770)
Movement in disposal of subsidiary	1,119,000	-
Net cash inflow/(outflow) from operating activities	(2,391,707)	(6,445,858)

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6. Dividends

6.1 Individual dividends per security

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
	Final dividend:				
	Current year	-	-	-	-
	Previous year	-	-	-	-
	Interim dividend:				
	Current year	-	-	-	-
	Previous year	-	-	-	-

6.2 Total dividend per security (interim plus final)

	Current year	Previous year
Ordinary securities	-	-

7. Dividend Reinvestment Plans

The dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions).

N/A

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8. Consolidated retained profits

	Current year \$	Previous year \$
Retained losses at the beginning of the financial year	(91,312,145)	(37,718,702)
Net loss attributable to members	(8,979,709)	(53,593,443)
Net transfers from/(to) reserves	-	-
Net effect of changes in accounting policies	-	-
Dividends and other equity distributions paid or payable	-	-
Retained losses at the end of the financial year	(100,291,854)	(91,312,145)

9. NTA backing

	Current year (\$)	Previous year (\$)
Net tangible asset backing per ordinary security	\$0.007	\$0.0584

10.1 Control gained over entities

Name of entity (or group of entities)	N/A
Date control gained - Upon Incorporation	N/A
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	N/A
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	N/A

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10.2 Loss of control over entities

Name of entity (or group of entities)	American Renewable Fuels LLC
Date control lost	31 October 2008
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	Not Material
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).	Not Material

11 Details of associates and joint venture entities

Name of associate/joint venture	Reporting entity's percentage holding	
	Current year	Previous year
	N/A	N/A

Group's aggregate share of associates' and joint venture entities' profits/(losses) :	Current year	Previous year
	\$	\$
Profit/(loss) from ordinary activities before tax	-	-
Income tax on ordinary activities	-	-
Profit/(loss) from ordinary activities after tax	-	-
Extraordinary items net of tax	-	-
Net profit/(loss)	-	-
Adjustments	-	-
Share of net profit/(loss) of associates and joint venture entities	-	-

12. Significant Information

In January 2009, the directors of ARF resolved to sell the land at Picton, Western Australia for \$3 million (plus GST) to an unrelated party. The land has been presented in the balance sheet as available for sale current asset. Settlement on the sale has not been finalised at the date of this report.

13. Commentary on results for the period

Following the temporary cessation in production activities in November 2007, the Group's assets were subjected to a write-down (impairment). The carrying value of the assets will be re-assessed when appropriate.

14. This report is based on ⁺accounts to which one of the following applies.
(Tick one)

- | | | | |
|-------------------------------------|--|--------------------------|---|
| <input type="checkbox"/> | The ⁺ accounts have been audited. | <input type="checkbox"/> | The ⁺ accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The ⁺ accounts are in the process of being audited. | <input type="checkbox"/> | The ⁺ accounts are in the process of being reviewed. |
| | | <input type="checkbox"/> | The ⁺ accounts have <i>not</i> yet been audited or reviewed. |

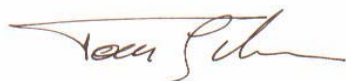
15. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below.

The audit is substantially completed and the Company is not aware of any disputes.

The Company expects that the audit report would include the following qualification regarding the uncertainties surrounding the valuation of its plants. Significant impairment losses have been applied to the plants in prior years and further charges have been applied in the current year, however the nature of the charges are such that arguments could be made that the charges are either too low or too high.

16. If the accounts have been audited or subject to review and are subject to dispute or qualification, details are described below

N/A



Sign here:
(Managing Director)

Date: 31 August 2009

Print name: Tom Engelsman