

APPENDIX 4D

Electrometals Technologies Limited
ABN 25-000-751-093

Half-yearly report

For the period ended 30 June 2009

Results for announcement to the market

\$A'000

Revenue from ordinary activities	Down	21%	to	2,320
Loss from ordinary activities after tax attributable to members	Up	36%	to	(1,600)
Loss for the period attributable to members	Up	36%	to	(1,600)
Dividends (distributions)	Amount per security		Franked amount per security	
Interim Dividend	Nil		Nil	
Previous corresponding period	Nil		Nil	
Record date for determining dividend entitlements	N/A		N/A	

If this is a half-yearly report, it is to be read in conjunction with the most recent annual financial report.

NTA backing

	Current period	Previous Corresponding Period
Net tangible asset backing per ordinary security (dollars per share)	0.013	0.032

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ELECTROMETALS TECHNOLOGIES LIMITED

ABN 25-000-751-093

Half-yearly financial report: 30 June 2009

CORPORATE INFORMATION

Directors

RE Keevers	Chairman
RG Melgaard	Deputy Chairman
BL Kelly	

Company Secretary

Colin Barker

Registered office and principal place of business

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Ashmore Qld 4214
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E-mail: emew@electrometals.com.au
Website: www.electrometals.com.au

Share Registrar

Computershare Investor Services Pty Ltd
Level 19, CPA Building
307 Queen Street
Brisbane Qld 4000
Telephone: 1300-552-270
Facsimile: (07) 3237-2152

Stock Exchange Listing

The ordinary shares of Electrometals Technologies Limited are listed on the Australian Securities Exchange (ASX Code: EMM)

Auditors

Ernst & Young
Level 5, Waterfront Place
1 Eagle Street
Brisbane Qld 4000
Telephone: (07) 3011-3333
Facsimile: (07) 3011-3344

Banker

National Australia Bank
2 Classic Way
Burleigh Waters Qld 4220

Solicitors

DLA Phillips Fox
Level 29, Waterfront Place
1 Eagle Street
Brisbane Qld 4000

DIRECTORS' REPORT

HALF-YEAR TO 30 JUNE 2009

Your directors present their report for the half-year ended 30 June 2009.

DIRECTORS

The names of the company's directors in office during the half-year are set out below. All directors were in office for the entire period.

Mr. R E Keevers	Chairman and CEO
Mr. R G Melgaard	Deputy Chairman
Mr. J Bastoni	Non-executive director
Mr. B L Kelly	Non-executive director

Subsequent to the end of the half-year, Mr J Bastoni resigned as a director on 3 August 2009; the other three directors remain in office as at the date of this report.

REVIEW AND RESULTS OF OPERATIONS

Highlights

Electrometals sales revenue contracted during the first half of 2009, a trend which began in the second half of 2007 and continued through 2008. Consequently, the losses experienced in prior periods continued during the last six months.

The Kurion business made a small loss in the period to 30 June 2009, but it is pleasing to note that Kurion's forward order book is healthy.

During the half year:

- consolidated group loss was \$1,599,876
- consolidated group revenue was \$2,320,690

Progress was made in one particular DBOO (Develop, Build, Own, Operate) opportunity, to produce nickel and copper from industrial waste. We are now conducting a full feasibility study on this project with our partners, a substantial industrial waste management company.

Operations Report

Two EMEW® electrowinning plants were delivered in the first half of 2009. One of these plants was for a customer in India, to recover silver and copper from recycled jewellery, and the other for a customer in Iran, to recover copper from mining operations. The sale of EMEW® plants continues to meet resistance in our traditional market areas during this period of diminished worldwide economic activity, which has led to low metal prices and reduced capital expenditure in these markets. However, at present, we are negotiating one sale in Chile and another in India, which we anticipate concluding in the second half of 2009.

At Kurion in the U.K., after below-budget sales in 2008, there has been a significant improvement in the second quarter of 2009, expected to lead to increased revenue during the remainder of 2009. Kurion delivered one plant in the first half of 2009, but also entered into sales agreements amounting to about \$4.5 million for another four plants to be delivered in 2009 and 2010. The Kurion plant sales are for the treatment of various streams of industrial waste water, either for safe discharge or for purification of the water for re-use, at times including the recovery of valuable products, either metals or oil. The Kurion sales are partly driven by changes in environmental regulations which have helped alleviate the effect of the world economic crisis.

A project requiring significant input from our engineers in the first half of 2009 was the installation and commissioning of an EMEW® silver powder plant at the Palmarejo silver-gold mine in Mexico, owned and operated by Coeur Mexicana, a subsidiary of Coeur D'Alene Mines Corporation, a US-based international mining company which is one of the largest silver mining companies in the world. The plant commissioning occurred mostly in the first half of 2009, after we had delivered the plant in 2007. By July 2009, the entire mine site including the EMEW® plant was operating satisfactorily. Commissioning of the EMEW® plant was hampered by overall plant start-up conditions, which were not conducive to smooth EMEW® operations and caused some difficulties. However, satisfactory levels of silver production have now been achieved, together with satisfactory depletion of the silver and gold in the mine pregnant leach solution (PLS).

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This plant is unique, since it combines concentration of sulphide ore by flotation, followed by cyanide leach of this concentrate before electrowinning the silver with EMEW®. The discharge from the EMEW® plant and the flotation plant tailings are passed through a CIL plant, to recover more silver, before returning a new, high-grade PLS from the CIL plant to be further electrowon in the EMEW® plant. For the quarter ended 30 June 2009, Coeur D'Alene reported production of 588,000 ounces of silver and 9,730 ounces of gold from Palmarejo and stated that the full design production level is planned to be reached by the last quarter of 2009.

The sales cycle for EMEW® plants typically includes laboratory-scale work and demonstrations at pilot plant scale. During the first half of 2009, such work continued in our laboratory at the Gold Coast in Australia and on site overseas with various international customers. Specifically, we were engaged in producing nickel metal at a customer site in Spain, tin metal at another customer site in the USA and copper metal in Mexico at two customer sites. This work was successful and is ongoing for three customers in Spain, USA and Mexico, where we hope for sales of full-size EMEW® plants later in 2009 or the first half of 2010. It is worth noting that each of these projects can provide a measurable value proposition for the customers at present metal prices. They also represent opportunities for sales in new applications of our technology and know-how; one of the opportunities combines Kurion and Electrometals technology.

Apart from the operations referred to above, the first half of 2009 included test and demonstration work for some DBOO projects, particularly in the USA. This work was designed to build on the desktop studies and laboratory test work begun in earnest in 2008, primarily investigating the extraction of metals from industrial waste.

One particularly successful pilot demonstration, in June/July 2009, comprised the recovery of nickel and copper metal in conjunction with a waste collection and recycling company in the USA. The technology and process know-how demonstrated here combined Kurion IX (ion exchange) and EMEW®, an excellent combination for treating and recycling industrial chemical waste containing nickel and copper. Electrometals and our partners are now in the process of completing a feasibility study aimed at proving the financial viability of this DBOO opportunity, building on the clear technical success of the laboratory tests and pilot demonstrations.

In addition, a number of other DBOO opportunities have been identified, some of which have led to laboratory scale test work, but all of which are at an early stage of establishing technical and financial milestones before any serious feasibility study work can begin.

Legal issue with Molibdenos y Metales S.A. ("Molymet")

On 13 August 2007, the company announced to the Australian Securities Exchange that it had received a Queensland Supreme Court claim for approximately \$3 million in relation to an EMEW® electrowinning plant supplied in 2002 to the Chilean company Molibdenos y Metales S.A. ("Molymet").

Electrometals and Molymet have now appointed independent experts to review certain of the technical issues behind the case of the plaintiff and the defendant. Following a review of the first round of exchanges of the expert opinions, together with the information contained in Electrometals' files, our lawyers advise that, in their opinion, Molymet cannot succeed on its claim as currently pleaded on the basis of the evidence currently available and on the basis of Molymet's expert opinion delivered to date. This position has been put to Molymet, with a request to justify why the plaintiff is still of the opinion that their action is worth prosecuting. In recent days, Molymet's lawyers have advised that they wish to pursue the case, initially through another round of expanded expert opinion, to involve a third party additional expert. We are presently considering this request.

As with all such legal matters, while it is the opinion of the directors of Electrometals that our company has no case to answer, while ever the action remains at foot, it cannot be totally dismissed.

R.E. KEEVERS

Chairman and CEO

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the independence declaration from our auditors, Ernst & Young as attached in Page 7.

This report is made in accordance with a resolution of directors.



R E Keevers
Chairman

Dated: 26 August 2009

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Auditor's Independence Declaration to the Directors of Electrometals Technologies Limited

In relation to our review of the financial report of Electrometals Technologies Limited for the half-year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A stylized, handwritten signature of the Ernst & Young firm.

Ernst & Young

A handwritten signature of Mike Reid.

Mike Reid
Partner
Brisbane
31 August 2009

STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 30 June 2009

	Notes	CONSOLIDATED	
		30 June 2009	30 June 2008
		\$	\$
Sale of plants and spare parts		2,086,495	2,877,400
Laboratory testing and engineering services		142,820	41,238
Royalties		85,338	6,245
Other revenue		6,037	-
Revenue		2,320,690	2,924,883
Cost of sales		(1,956,404)	(2,363,164)
Gross profit		364,286	561,719
Other income	4(a)	35,209	209,943
Marketing expenses		(31,199)	(47,437)
Occupancy expenses		(200,655)	(175,651)
Administrative expenses		(1,344,801)	(1,618,309)
Other expenses	4(b)	(395,600)	(101,979)
Finance costs		(27,116)	(2,219)
Loss from continuing operations before income tax		(1,599,876)	(1,173,933)
Income tax benefit / (expense)		-	-
Net loss for the half-year		(1,599,876)	(1,173,933)
Other comprehensive income			
Foreign currency translation		(16,649)	(27,375)
Other comprehensive income and outlays for the period, net of tax		(16,649)	(27,375)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(1,616,525)	(1,201,308)

ELECTROMETALS TECHNOLOGIES LIMITED**ABN 25-000-751-093****Half-yearly financial report: 30 June 2009**

STATEMENT OF COMPREHENSIVE INCOME - continued

	<i>Notes</i>	CONSOLIDATED	
		30 June 2009	30 June 2008
		\$	\$
Loss attributable to:			
Minority interest		-	-
Members of the parent		(1,599,876)	(1,173,933)
		<u>(1,599,876)</u>	<u>(1,173,933)</u>
Total comprehensive income attributable to:			
Members of the parent		(1,616,525)	(1,201,308)
Minority interest		-	-
		<u>(1,616,525)</u>	<u>(1,201,308)</u>
Earnings per share (cents) attributable to the ordinary equity holders of the parent			
Basic earnings per share (cents)		(0.79)	(0.58)
Diluted earnings per share (cents)		(0.79)	(0.58)

STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

		CONSOLIDATED	
	<i>Notes</i>	30 June 2009 \$	31 December 2008 \$
CURRENT ASSETS			
Cash and cash equivalents	5	2,058,502	2,998,002
Trade and other receivables		2,082,878	1,670,674
Inventories		1,016,268	1,183,936
Prepayments		108,472	78,540
TOTAL CURRENT ASSETS		5,266,120	5,931,152
NON-CURRENT ASSETS			
Receivables		26,909	27,409
Investment in associates		104	104
Property, plant & equipment		1,134,398	1,082,736
Goodwill and other intangible assets	6	2,025,832	645,832
TOTAL NON-CURRENT ASSETS		3,187,243	1,756,081
TOTAL ASSETS		8,453,363	7,687,233
CURRENT LIABILITIES			
Trade and other payables		1,455,291	1,193,161
Interest-bearing liabilities		46,668	39,650
Deferred income		771,518	-
Provisions		161,393	165,325
TOTAL CURRENT LIABILITIES		2,434,870	1,398,136
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		2,811	31,838
Provisions		44,139	34,966
Accrual for future buy-out of minority interest	11	1,380,000	-
TOTAL NON-CURRENT LIABILITIES		1,426,950	66,804
TOTAL LIABILITIES		3,861,820	1,464,940
NET ASSETS		4,591,543	6,222,293
EQUITY			
Issued capital	7	33,320,788	33,320,788
Reserves		(5,330)	25,544
Accumulated losses		(28,723,915)	(27,124,039)
TOTAL EQUITY		4,591,543	6,222,293

The above statement of financial position should be read in conjunction with the accompanying notes.

ELECTROMETALS TECHNOLOGIES LIMITED**ABN 25-000-751-093****Half-yearly financial report: 30 June 2009****STATEMENT OF CHANGES IN EQUITY*****For the half-year ended 30 June 2009***

	<u>Contributed equity</u>	<u>Accumulated losses</u>	<u>Foreign currency translation</u>	<u>Equity benefits reserve</u>	<u>Members of the parent</u>	<u>Minority interest</u>	<u>Total equity</u>
Balance at 1 January 2009	33,320,788	(27,124,039)	15,426	164,497	6,376,672	(154,379)	6,222,293
<i>Changes in equity for the half-year to 30 June 2009</i>							
Share-based payments	-	-	-	(14,225)	(14,225)	-	(114,225)
Total comprehensive income for the half- year, net of tax	-	(1,599,876)	(16,649)	-	(1,616,525)	-	(1,616,525)
Balance at 30 June 2009	33,320,788	(28,723,915)	(1,223)	150,272	4,745,922	(154,379)	4,591,543

For the half-year ended 30 June 2008

	<u>Contributed equity</u>	<u>Accumulated losses</u>	<u>Foreign currency translation</u>	<u>Equity benefits reserve</u>	<u>Members of the parent</u>	<u>Minority interest</u>	<u>Total equity</u>
Balance at 1 January 2008	33,320,788	(24,827,587)	(38,837)	89,292	8,543,656	-	8,543,656
<i>Changes in equity for the half-year to 30 June 2008</i>							
Minority interest on acquisition	-	-	-	-	-	(147,807)	(147,807)
Share-based payments	-	-	-	49,164	49,164	-	49,164
Total comprehensive income for the half- year, net of tax	-	(1,173,933)	(27,375)	-	(1,201,308)	-	(1,201,308)
Balance at 30 June 2008	33,320,788	(26,001,520)	(66,212)	138,456	7,391,512	(147,807)	7,243,705

CASH FLOW STATEMENT

For the half-year ended 30 June 2009

		CONSOLIDATED	
	Note	30 June 2009 \$	30 June 2008 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,383,596	3,891,825
Payments to suppliers and employees (inclusive of GST)		(3,197,366)	(5,739,024)
Interest paid		-	(2,219)
Income tax paid		-	(26,337)
Net cash flows from / (used in) operating activities		(813,770)	(1,875,755)
Cash flows from investing activities			
Purchase of property, plant and equipment		(152,127)	(322,051)
Interest received		35,209	212,185
Acquisition of shareholding in Kurion Technologies, net of cash		-	(537,018)
Net cash flows from / (used in) investing activities		(116,918)	(646,884)
Cash flows from financing activities			
Repayment of borrowings		(22,009)	(13,707)
Net cash flows from / (used in) financing activities		(22,009)	(13,707)
Net increase / (decrease) in cash and cash equivalents		(952,697)	(2,536,346)
Cash and cash equivalents at the beginning of the period		2,998,002	7,650,548
Exchange rate adjustments		13,197	(98,979)
Cash and cash equivalents at the end of the period	5	2,058,502	5,015,223

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

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

For the half-year ended 30 June 2009

1. CORPORATE INFORMATION

The condensed financial report of Electrometals Technologies Limited ("the company") for the half-year ended 30 June 2009 was authorised for issue in accordance with a resolution of directors on 26 August 2009. Electrometals Technologies Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the group are described in note 3.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed general purpose financial report for the half-year ended 30 June 2009 has been prepared in accordance with AASB 134 *Interim Condensed Reporting* and the *Corporations Act 2001*. The half-year report does not include all 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 annual report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 31 December 2008 and considered together with any public announcements made by Electrometals during the half-year ended 30 June 2009 in accordance with the continuous disclosure obligations of the Australian Securities Exchange listing rules. Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Electrometals Technologies Limited and its subsidiaries as at 30 June 2009 ("the group").

Subsidiaries are all those entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the group and cease to be consolidated from the date on which control is transferred out of the group. Investments in subsidiaries held by Electrometals Technologies Limited are accounted for at cost in the separate financial statements of the parent entity. The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition (see note (b)). Minority interests not held by the group are allocated their share of profit after tax in the income statement and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity.

(b) Business combinations

The purchase method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, their fair value is their published market price at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the group's share of identifiable net assets acquired is recognised as goodwill. If the cost of the acquisition is less than the group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognisable as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired. Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(c) Put and call options liability

Put and call options are in place over the 49% minority shareholding in the 51% owned subsidiary Kurion Technologies Limited, exercisable in the normal course of events in 2013, with the purchase price being based on a multiple of earnings. An accrual has been made for the expected future purchase price of this minority shareholding, based on an estimate of Kurion's future earnings. The liability will be adjusted at each balance date to reflect the anticipated liability accruing to that time, based on Kurion's earnings history and likely future earnings.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES - continued**(d) Changes in accounting policy**

- (i) Since 1 January 2009, the group has adopted the following Standard and Interpretations, mandatory for annual period beginning on or after 1 January 2009. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the group.

AASB 2	Revised vesting conditions and cancellations
AASB 8	Operating segments
AASB 101	Revised presentation of financial statements
AASB 123	Borrowing costs

3. SEGMENT INFORMATION

The group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer and his management team (the chief operating decision-makers) in assessing performance and in determining the allocation of resources. During the half-year, the group's activities consisted of manufacturing equipment in Australia for the metals processing industry, with an office in Canada and, after the acquisition of the 51% shareholding in the UK company Kurion Technologies Limited on 19 February 2008, the group's activities consisted also of manufacturing equipment in the UK for water treatment. The primary (business) and secondary (geographical) segments are identical.

	Electrowinning Technology	Water Treatment	
	Australia and Canada	United Kingdom	Total
	2009	2009	2009
	\$	\$	\$
Revenue			
Sales to external customers	1,041,580	1,279,110	2,320,690
Inter-segment sales	-	177,360	177,360
Total segment revenue	1,041,580	1,456,470	2,498,050
Inter-segment elimination	-	(177,360)	(177,360)
Total consolidated revenue	1,041,580	1,279,110	2,320,690
Result			
Profit / (loss) before tax and finance costs	(1,379,473)	(193,487)	(1,572,760)
Finance costs	(3,104)	(24,012)	(27,116)
Profit / (loss) before income tax	(1,382,377)	(217,499)	(1,599,876)
Income tax expense	-	-	-
Net profit / (loss) for the half-year	(1,382,377)	(217,499)	(1,599,876)
Assets and liabilities			
Segment assets	5,302,652	3,490,319	8,792,971
Inter-segment elimination	(281,412)	(58,196)	(339,608)
Total assets	5,021,240	3,432,123	8,453,363
Segment liabilities	2,074,532	2,276,699	4,351,231
Inter-segment elimination	(58,192)	(431,219)	(489,411)
Total liabilities	2,016,340	1,845,480	3,861,820
Other segment information			
Capital expenditure	143,101	9,026	152,127
Depreciation and amortisation	(88,856)	(2,903)	(91,759)
Cash flow information			
Net cash flow from operating activities	(1,308,407)	494,637	(813,770)
Net cash flow from investing activities	(108,201)	(8,717)	(116,918)
Net cash flow from financing activities	167,534	(189,543)	(22,009)

The total assets have increased by 9.97% since the last annual report.

3. SEGMENT INFORMATION – continued

Comparative figures - Half-year to 30 June 2008

	Electrowinning Technology	Water Treatment	
	Australia and Canada	United Kingdom	Total
	<u>2008</u>	<u>2008</u>	<u>2008</u>
	\$	\$	\$
Revenue			
Sales to external customers	1,811,852	1,113,031	2,924,883
Inter-segment sales	79,652	-	79,652
Total segment revenue	1,891,504	1,113,031	3,004,535
Inter-segment elimination	(79,652)	-	(79,652)
Total consolidated revenue	1,811,852	1,113,031	2,924,883
Result			
Profit / (loss) before tax and finance costs	(1,052,100)	(119,614)	(1,171,714)
Finance costs	-	(2,219)	(2,219)
Profit / (loss) before income tax	(1,052,100)	(121,833)	(1,173,933)
Income tax expense	-	-	-
Net profit / (loss) for the half-year	(1,052,100)	(121,833)	(1,173,933)
Assets and liabilities			
Segment assets	8,543,040	875,558	9,418,598
Inter-segment elimination	(474,168)	-	(474,168)
Total assets	8,068,872	875,558	8,944,430
Segment liabilities	2,498,362	1,299,037	3,797,399
Inter-segment elimination	(2,096,674)	-	(2,096,674)
Total liabilities	401,688	1,299,037	1,700,725
Other segment information			
Capital expenditure	335,282	2,510	337,792
Depreciation and amortisation	(67,495)	(4,849)	(72,344)
Cash flow information			
Net cash flow from operating activities	(1,533,425)	(342,330)	(1,875,755)
Net cash flow from investing activities	(107,767)	(539,117)	(646,884)
Net cash flow from financing activities	(311,460)	297,753	(13,707)

ELECTROMETALS TECHNOLOGIES LIMITED**ABN 25-000-751-093****Half-yearly financial report: 30 June 2009****4. REVENUE, INCOME AND EXPENSES****CONSOLIDATED**

	30 June 2009	30 June 2008
	\$	\$
(a) Other Revenue		
Interest	35,209	207,354
Foreign exchange gain	-	2,589
	<u>35,209</u>	<u>209,943</u>
(b) Other Expenses		
Options grant expense	(14,225)	49,164
Doubtful debts provision	94,102	-
Research and development written off	14,391	25,068
Test programs and other expenses written off	301,332	27,747
	<u>395,600</u>	<u>101,979</u>

5. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	30 June 2009	30 June 2008
	\$	\$
Cash at bank and in hand	458,502	223,955
Short-term deposits	1,600,000	4,900,000
	<u>2,058,502</u>	<u>5,123,955</u>

6. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	30 June 2009	31 Dec 2008
Development costs – pilot plant	110,854	110,854
Goodwill on acquisition of subsidiary - prior year	1,235,807	1,235,807
Goodwill on acquisition of subsidiary - this period (refer to note 11)	1,380,000	-
Less: Provision for impairment	(700,829)	(700,829)
	<u>2,025,832</u>	<u>645,832</u>

The impairment in relation to development costs for the pilot plant has been implemented as it is not certain at this stage that future economic benefits will flow to the group.

7. ISSUED CAPITAL

	30 June 2009	31 Dec 2008
	\$	\$
Ordinary shares - Issued and fully paid	33,187,455	33,187,455
Preference shares - Issued and fully paid	133,333	133,333
	<u>33,320,788</u>	<u>33,320,788</u>
	<u>Number</u>	<u>Number</u>
Balance - ordinary shares	204,357,579	204,357,579
Balance - preference shares	666,667	666,667
	<u>205,024,246</u>	<u>205,024,246</u>
Movement in shares on issue – ordinary shares	Number	\$
There was no movement in share capital in the half-year.		
Balance 31 December 2008 and 30 June 2009	204,357,579	33,187,455

ELECTROMETALS TECHNOLOGIES LIMITED**ABN 25-000-751-093****Half-yearly financial report: 30 June 2009****8. DIVIDENDS PAID AND PROPOSED**

No dividends have been paid in the 6 months to 30 June 2009 (2008: nil) and none is proposed.

9. RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that were entered into with related parties for the half-years ended 30 June 2009 and 30 June 2008:

		<u>Sales to related parties</u>	<u>Purchases from related parties</u>	<u>Amounts owed by related parties</u>	<u>Amounts owed to related parties</u>
		\$	\$	\$	\$
Substantial shareholder					
De Nora Group	2009	88,629	1,891	19,009	-
De Nora Group	2008	-	125,348	-	-
Directors					
<i>R G Melgaard, as director of</i>					
Semper Holdings Limited	2009	-	-	-	-
	2008	-	21,799	-	14,842

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions, both at normal market prices and on normal commercial terms. Outstanding balances at the end of the half-year are unsecured, interest-free and settlement occurs in cash. For the half-year ended 30 June 2009, the group has made no allowance for doubtful debts relating to amounts owed by related parties, as the payment history is excellent (2008: Nil)

10. COMMITMENTS AND CONTINGENCIES

	30 June 2009	31 Dec 2008
	\$	\$
(a) Operating lease commitments		
Payable as follows:		
Not later than one year	324,167	298,548
Later than one year but not later than five years	86,285	126,417
	<u>410,452</u>	<u>424,965</u>

These commitments relate to office space, workshop space and equipment rentals used in the group's operations. Leases are normally for 1-2 years, with a 1-2 year option.

(b) Term deposit pledged against bank guarantee

The parent company has previously furnished a bank guarantee in place of a 5% retention on a supply contract, pledged against funds held on term deposit. The bank guarantee was returned in the half-year to 30 June 2009.

	30 June 2009	31 Dec 2008
	\$	\$
Amount of term deposit pledged	<u>-</u>	<u>202,390</u>

(c) Fixed and floating charge – Kurion Technologies Limited

As security for a bank loan, there exists a fixed and floating charge over all the current and future assets of Kurion Technologies Limited.

(d) Legal action

On 13 August 2007, the company announced to the Australian Securities Exchange that it has received a Queensland Supreme Court claim for approximately \$3 million in relation to an EMEW® plating and powder electrowinning plant supplied in 2002 to the Chilean company Molibdenos y Metales S.A. ("Molymet"). Electrometals intends to vigorously defend the action and believes it will be successful; the potential financial exposure cannot be assessed at the date of this report.

11. ACCRUAL FOR FUTURE BUY-OUT OF MINORITY INTEREST

This represents the company's potential liability arising from a put / call option over the remaining shares (49%) held by the minority shareholder in Kurion Technologies Limited.

12. EVENTS AFTER BALANCE SHEET DATE

At the date of this report the directors are not aware of any matters or circumstances which have arisen since 30 June 2009 that have significantly affected or may significantly affect:

1. the operations of the group in the financial years subsequent to 30 June 2009, or
2. the results of those operations, or
3. the state of affairs of the group in the financial years subsequent to 30 June 2009.

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DIRECTORS' DECLARATION

In accordance with a resolution of directors of Electrometals Technologies Limited, I state that;

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the financial position as at 30 June 2009 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the board



R E Keevers
Chairman & CEO

Gold Coast
26 August 2009



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To the members of Electrometals Technologies Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Electrometals Technologies Limited, which comprises the statement of financial position as at 30 June 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls 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 consolidated entity's financial position as at 30 June 2009 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 Electrometals Technologies Ltd and the entities it controlled during the half-year, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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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 interim financial report of Electrometals Technologies Limited is not in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A stylized, handwritten signature of the Ernst & Young firm.

Ernst & Young

A handwritten signature of Mike Reid.

Mike Reid
Partner
Brisbane
31 August 2009