AGRI ENERGY LIMITED

ABN 83 061 375 442

Interim Financial Report

31 December 2010

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by the Company during the period from 1 July 2010 to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Corporate Directory

Directors	Gary Steinepreis Executive Patrick Burke Executive Bevan Tarratt Non-executive Joseph Naemi Non-executive
Company Secretary	Gary Steinepreis
Registered Office	Level 1, 33 Ord Street West Perth Western Australia 6005 Telephone: 08 94209300
Share Register	Computershare Investor Services Pty Limited Level 2 / 45 St Georges Terrace Perth Western Australia 6000 Telephone: 1300 85 05 05 Overseas: +61 3 9415 4000 Facsimile: +61 8 9323 2033
Auditor	KPMG 235 St. Georges Terrace Perth Western Australia 6000
Stock Exchange Listing	Agri Energy Limited shares are listed on the Australian Securities Exchange, home branch, Perth Code: AAE
Website	www.agrienergy.com.au

DIRECTORS' REPORT

Your directors' present their interim financial report on Agri Energy Limited (Agri or the Company) for the half-year ended 31 December 2010.

Directors

The name of each person who has been a director during the half-year and to the date of this report are:

Gary Steinepreis appointed on 22 June 2009.

Patrick Burke appointed on 23 July 2009.

Bevan Tarratt appointed on 23 July 2009.
Joseph Naemi appointed on 21 December 2010.

Company Secretary

The company secretary is Gary Steinepreis. Mr Steinepreis was appointed on 22 June 2009.

Principal Activities

The principal continuing activities of the Company are in the energy and resources sector. The Company is currently developing its Australian Ethanol Business and continues to pursue new projects in the energy and resources sector particularly in the oil and gas industry by way of acquisition or investment, and/or providing consultancy services to the ethanol industry.

Review of Operations

The Company commissioned the Biofuels Association of Australia to provide a report on the current status and future prospects of the evolving biofuels industry in Australia. Having analysed the contents of the report and engaged in further industry consultations, the Company is particularly encouraged by the possibilities presented by second generation biofuel production technologies such as cellulosic ethanol technology and biomass to liquid fuels technology (second generation technologies).

While the Company's ethanol projects in Condobolin, Oaklands and Coleambally in New South Wales and Murtoa in Victoria were initially created within the confines of conventional biofuel production technology, the second generation technologies have the potential to dramatically lower production costs and are now commercially available.

To this end, the Company commissioned the services of an independent consultant familiar with the biofuels industry, BDIC Pty Ltd, to review the Company's ethanol projects in the light of the possibilities offered by second generation technologies.

The review covered the following:

- Current status of the second generation technologies;
- Capital cost of the second generation technologies;
- Input requirements for the second generation technologies;
- Product placement within the parameters of the Australian market; and
- Regulatory framework with respect to the second generation technologies.

It would appear from the information presented that several of the technology options explored are commercially ready and would offer benefits over crop based feedstock technology (1st generation) if integrated into existing project models at Condobolin, Oaklands and Coleambally.

Review of Operations (continued)

These technologies include;

Green Diesel, a process whereby fats and oils are subjected to a modified form of conventional petroleum based oil hydro-treating to produce diesel fuel. This fuel is not biodiesel and is indistinguishable from regular petroleum based diesel. As a result almost all barriers to market are eliminated. The process also produces a green Liquefied Petroleum Gas (LPG).

Cellulosic Ethanol, where fuel grade ethanol is produced from any cellulosic material including but not limited to the by-products of agriculture. This process has the potential to significantly reduce the cost of ethanol production without interfering with normal agricultural output, thus negating the "food v's fuel" debate as well as increasing security of feedstock supply.

Biomass to Liquids, the production of synthetic crude oil or even finished transport fuels via the Fischer Tropsch (or similar) process. This process can use almost any biomass material and will produce fuels that are identical to petroleum based fuels on the market today. Therefore this technology has the opportunity to compete with petroleum based diesel on a level playing field with few barriers to market.

The resource requirements of these processes appear to broadly fit into the existing Company projects and projects incorporating these technologies may be able to draw on the existing assets of the Company.

Encouraged by the findings of the initial study the Company has now given further direction to BDIC to generate project test models (integrating 2nd generation biofuel technology) incorporating the following information:

- Project cost estimates
- Production cost models
- Barriers to market entry
- Feedstock availability and supply
- Projected returns to stakeholders

In addition to developing its Australian Ethanol Business, the Company continues to pursue new projects in the energy and resources sectors by way of acquisition or investment. The Company has reviewed a number of potential projects in both the energy and resources sectors and in this regard an announcement was made on 21 December 2010.

Significant Changes in the State of Affairs

On 21 December 2010, the Company entered into a Merger Implementation Agreement (MIA) to acquire 100% of Triton Petroleum Pte Limited (Triton). The Company simultaneously entered into various put and call option agreements with majority shareholders of Triton, whereby the Company has the right to buy the shares from Triton's major shareholders and the major shareholders have the right to sell their shares to the Company on matching terms. These put and call option agreements are referred to and are an integral part of the Merger Implementation Agreement.

Should these put or call options be exercised the ability of the parties to complete the transaction is conditional upon and subject to the satisfaction of all conditions under the MIA. These conditions are detailed following under the heading "Commercial Terms of the Acquisition".

Significant Changes in the State of Affairs (continued)

Triton is a Singaporean private company, focused on oil and gas exploration in the Middle East and North African regions. Its principal asset is a 20% beneficial interest in Block 9 Syria, a 10,032km^2 petroleum exploration licence in north-western Syria.

Key features of Syria Block 9 are:

- strategically located on the north-eastern flank of the proven Palmyride Basin, hosting discoveries of over 6tcf of gas and 400mmbbl of oil and NGL's;
- 420km^2 3D seismic survey recently completed;
- a two well drilling program is planned for 2011 with 100+mmboe targets identified; and
- existing oil and gas infrastructure in the region would facilitate development of any discovery

Under the MIA, Agri has provided a working capital payment of $500,000 to Triton to compliment Triton's recent US$1,800,000 rights issue capital raising. All funds will be applied to the exploration of Block 9 Syria.

Triton Chairman, Joseph Naemi, has been appointed as a Non-executive Director of Agri. Mr Naemi has twenty years of experience in the natural resources sector throughout Central Asia, the Middle East, North Africa and Latin America.

Syria, Project & Work Program

Country Background

Syria is an established hydrocarbon province, bordering Turkey and Iraq, located less than 200km from Saudi Arabia. The country has proven reserves of 2.5 billion barrels of oil and 10 trillion cubic feet of gas. Production in 2009 averaged 376 thousand barrels per day of oil and 560 million cubic feet of gas per day. Countrywide exploration and appraisal success rates have averaged 46% and 69% over the last 10 years. Notable companies operating in Syria include Shell, PetroCanada, Total and Gulfsands.

Syria Block 9

Triton Petroleum holds a 20% beneficial interest in Block 9 Syria, a 10,032km^2 petroleum exploration licence in north-western Syria.

Block 9 Syria is located on the north-eastern flank of the proven Palmyride Basin. The basin hosts discoveries of over 6 trillion cubic feet of gas and 400 million barrels of oil and NGL's.

Block 9 is well positioned with respect to petroleum infrastructure. The Palmyra-Aleppo gas pipeline, which will soon be tied into the Turkish pipeline grid, runs directly through the licence. To the southwest of the block there is an existing crude oil pipeline.

Block 9 is operated by Kulczyk Oil Ventures Inc, which has a 50% interest in the permit. The remaining 30% is owned by MENA Hydrocarbons Inc (subject to Syrian Government approval). KOV's 50% interest is also subject to a back-in right granted to Ansco Inc, an unrelated Californian company, to acquire a 5% participating interest in the Block (subject to regulatory approvals and consents).

Work Program

During the course of 2010 the owners of Block 9 acquired 420km^2 of 3D seismic data. Processing and interpretation of this data is well advanced. Some minor reprocessing is likely to be undertaken and interpretation should be finished in early 2011.

Syria, Project & Work Program (continued)

Work Program (continued)

During the first half of 2011 drilling of two commitment wells will commence. Based on the pre-existing 2D data, the operator has identified two prospects with a gross resource potential of 100-120mmboe each (mean recoverable). Both prospects are believed to have the potential for oil and/or gas/condensate charge.

The initial interpretation of the new 3D data has identified new target zones that are deeper and larger than previous estimates. This has resulted in the depth of the first well, being increased from 2400m to 3200m. The revised prospect sizes will be known at the completion of the interpretation of the 3D seismic data. Dry hole costs are budgeted to be US$10.0-11.0m per well, including a 10% contingency allowance, with Triton to contribute 20% of these costs.

Operator

Block 9 is operated by Kulczyk Oil Ventures Inc (KOV), a Canadian incorporated company listed on the Warsaw Stock Exchange, with a market capitalisation of approximately US$200mil. KOV is an international upstream oil and gas exploration company with a diversified portfolio of projects in Brunei, Syria and Ukraine. The company is managed by a highly experienced team of oil and gas professionals.

The main shareholder of KOV is Kulczyk Investments SA, an international investment house founded by Polish businessman Dr. Jan Kulczyk, with a 49% interest. KOV also has a 30.6% direct equity stake in Triton.

Board Update

Triton Chairman, Mr Joseph Naemi has joined the board of Agri, as a Non-executive Director. In the event of the exercise of the option agreement, it is proposed under the MIA that upon completion, Mr Naemi assumes the role of Chairman and CEO and that Mr Stuart Smith, currently Managing Director of Triton, will assume the role of Executive Director and CFO of Agri.

Capital Structure

If the option agreements are exercised and the merger proceeds, it will constitute a change in the nature and/or scale of the activities of Agri in accordance with Chapter 11 of the ASX Listing Rules such that Agri will be required to re-comply with the admission requirements in Chapters 1 & 2 of the ASX Listing Rules.

Commercial Terms of the Acquisition

Agri has entered into option agreements with the holders of 77% of Triton, to acquire their Triton shares. The option agreements are irrevocable and exclusive and may be exercised at any time between 14 February 2011 and 31 March 2011. Should the put or call options be exercised the obligation of the parties to complete the sale and purchase of the shareholders Triton Petroleum Pte Limited shares is conditional upon and subject to the satisfaction of all conditions under the MIA.

Agri and Triton have entered into a merger implementation agreement, which in the event that the option agreements are exercised, governs the merger between Agri and Triton; upon and subsequent to the acquisition by Agri, of the entire issued share capital of Triton.

Agri will offer 22.156 of its shares for every Triton share. Triton currently has 45,164,416 shares on issue, and 51,636,730 shares on a fully diluted basis. The total consideration for the acquisition by Agri of the entire issued share capital of Triton is 1,144,063,388 Agri Shares (Consideration Shares).

Commercial Terms of the Acquisition (continued)

Completion under the MIA will involve the acquisition of not less than 77% of the total issued share capital of Triton, being the shareholding of the Majority Triton Shareholders. The MIA provides that in the event of exercise of the option agreements, Agri shall make offers on the same terms as the option agreements to the remaining Triton shareholders (Minority Triton Shareholders) for their Triton shares and Triton shall promote that the Minority Triton Shareholders accept these Offers.

Any Triton shares not acquired pursuant to the option agreements and the offers shall, following completion under the MIA, be acquired by Agri pursuant to the drag along provisions of the Triton Constitution.

The MIA is subject to a number of conditions including:

- Agri obtaining all necessary regulatory and shareholder approvals required to complete the merger including authority to allot and issue the consideration shares and all approvals required for re-compliance with chapters 1 & 2 of the ASX Listing Rules;
- Agri issuing a prospectus and receiving sufficient applications to meet the minimum subscription under the ASX listing rules required for re-compliance with chapters 1 & 2 of the ASX Listing Rules;
- Agri receiving conditional approval of ASX on terms acceptable to Agri to reinstate Agri on ASX following re-compliance with chapters 1 & 2 of the ASX Listing Rules;
- All of the option agreements being exercised on or before 31 March 2011; and
- Board control passing to Triton's nominees.

Under the MIA, Agri will procure irrevocable undertakings from its shareholders, who have an aggregate voting power in Agri of more than 50%, to vote in favour of all matters requiring shareholder approval. The MIA contains exclusivity undertakings, warranties and pre-completion covenants standard in agreements of this nature, and including a covenant to apply working capital in accordance with the agreed working capital budgets of both parties.

Syria Block 9 Licence Terms

The Block 9 exploration, development and production contract, was signed by Kulczyk Oil Ventures Inc (then Loon Corporation Inc), on 20 September 2007. The initial exploration period is for four years, with two extensions of three years and two years, respectively.

Work Commitments

The work obligations for the initial period comprised the acquisition, processing and interpretation of 350 km^2 of 3D seismic (which is now largely complete), and the drilling of two exploration wells (planned for 1H-2011). The minimum expenditure commitment for this program is $7.5m. The remaining drilling component of this commitment is $4.0m.

Block 9 Work Commitments	Initial Period	Extension Period 1	Extension Period 2
Duration	4 yrs	3 yrs	2 yrs
Seismic Acquisition	350sq.km 3D	200km 2D	100km 2D
Exploration Wells	2	2	1
Relinquishment	25%	25%	50%
Expenditure (US$mil, gross)	7.5	7.0	2.5
Expenditure (US$mil, net to 20%)	1.5	1.4	0.5

Syria Block 9 Licence Terms (continued)

Financial terms

Block 9 is a production sharing agreement (PSA) regime. Key fiscal terms are:

- Royalty of 12.5%
- 35% of gross production available for cost recovery
- Contractor share of Profit Oil 29% free of tax, up to 15,000bopd
- Contractor share of Profit Gas 32% free of tax, up to 50mmboe cumulative production
- All income taxes borne by the state, from its share of production

Operating Result

The loss from continuing operations for the half-year after providing for income tax was $139,511 (2009:$148,249). The profit from discontinued operations for the half-year was $nil (2009:$9,072,993).

Additional information on the operations and financial position of the Company and its business strategies and prospects is set out in this directors' report and the interim financial statements.

After Balance Date Events

As per the terms of the MIA, Agri made a working capital payment of $500,000 to Triton on 4 January 2011, at the time it was demanded in accordance with the MIA.

Other than as disclosed, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Company's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Company's state of affairs in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8 of the interim financial report.

Signed in accordance with a resolution of the board of directors.

Gary Steinepreis
Director
West Perth
14 February 2011

Lead Auditor's Independence Declaration under Section 307C of the Corporation Act 2001

To the directors of Agri Energy Limited

I declare that, to the best of my knowledge and belief, during the half-year ended, 31st December 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

Kevin Smout
Partner

Perth

14 February 2011

	Note	2010 $	2009 $
Continuing operations			
Revenue		-	-
Expenses	3	(164,155)	(151,303)
Loss from continuing operations		(164,155)	(151,303)
Finance income - Interest		24,644	3,054
Loss before tax from continuing operations		**(139,511)**	**(148,249)**
Income tax expense		-	-
Loss after tax from continuing operations		**(139,511)**	**(148,249)**
Discontinued operations			
Profit from discontinued operations (net of income tax)	4	-	9,072,993
Net (loss) / profit & total comprehensive (loss) / income for the period attributable to the members of Agri Energy Limited		**(139,511)**	**8,924,744**

	Cents	Cents
(Loss) / earnings per share		
Basic (loss) / profit per share	**(0.033)**	**19.5**
Diluted (loss) / profit per share	**(0.033)**	**19.5**
Continuing operations		
Basic loss per share	**(0.033)**	**(0.3)**
Diluted loss per share	**(0.033)**	**(0.3)**

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

ASSETS	**Note**	**31 Dec 2010 $**	**30 June 2010 $**
Current assets			
Cash and cash equivalents		919,776	1,062,684
Trade and other receivables		6,679	11,208
Other financial asset	6	500,000	-
Total current assets		**1,426,455**	1,073,892
Total non-current assets		**-**	**-**
Total assets		**1,426,455**	**1,073,892**
LIABILITIES			
Current liabilities			
Trade and other payables		13,810	21,736
Other financial liability	6	500,000	-
Total current liabilities		**513,810**	**21,736**
Total non-current liabilities		**-**	**-**
Total liabilities		**513,810**	**21,736**
NET ASSETS		**912,645**	**1,052,156**
EQUITY			
Contributed equity	5(a)	1,535,502	1,535,502
Option reserve	5(d)	223,000	223,000
Accumulated losses		(845,857)	(706,346)
TOTAL EQUITY		**912,645**	**1,052,156**

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

2010	**Contributed Equity**	**Option Reserve**	**Share Based Payment Reserve**	**Accumulated Losses**	**Total**
	$	**$**	**$**	**$**	**$**
Balance 1 July 2010	1,535,502	223,000	-	(706,346)	**1,052,156**
Net loss for the period	-	-	-	(139,511)	**(139,511)**
Comprehensive income for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(139,511)	**(139,511)**
Transactions with owners in their capacity as owners:					
Shares issued	-	-	-	-	-
Options issued	-	-	-	-	-
Transaction costs	-	-	-	-	-
Balance 31 Dec 2010	**1,535,502**	**223,000**	-	**(845,857)**	**(912,645)**

2009	**Contributed Equity**	**Options Reserve**	**Share Based Payment Reserve**	**Accumulated Losses**	**Total**
	$	**$**	**$**	**$**	**$**
Balance 1 July 2009	66,925,886	-	957,000	(77,358,379)	**(9,475,493)**
Net profit for the period	-	-	-	8,924,744	**8,924,744**
Comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	8,924,744	**8,924,774**
Transactions with owners in their capacity as owners:					
Shares issued	1,581,000	-	-	-	**1,581,000**
Options issued	-	223,000	-	-	**223,000**
Transaction costs	(34,498)	-	-	-	**(34,498)**
Balance 31 Dec 2009	**68,472,388**	**223,000**	**957,000**	**(68,433,635)**	**1,218,753**

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	2010 $	2009 $
Cash flows from operating activities			
Interest received		26,286	3,054
BAS refund		17,107	-
Payments to suppliers and employees		(186,301)	(91,226)
Net cash outflow from operating activities		**(142,908)**	**(88,172)**
Cash flows from investing activities			
Payment made under a deed of company arrangement	4	-	(402,500)
Net cash outflow from investing activities		**-**	**(402,500)**
Cash flows from financing activities			
Proceeds from the issue of shares and options		-	1,804,000
Costs associated with capital raising		-	(3,243)
Oversubscription funds received		-	21,750
Net cash inflow from financing activities		**-**	**1,822,507**
Net (decrease) / increase in cash and cash equivalents		**(142,908)**	**1,331,835**
Cash and cash equivalents at 1 July		1,062,684	-
Cash and cash equivalents at 31 December		**919,776**	**1,331,835**

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

Agri Energy Limited (the 'Company') is a Company domiciled in Australia. The financial statements of the Company as at and for the year ended 30 June 2010 are available upon request at the Company's registered office level 1, 33 Ord Street, West Perth, Western Australia or at www.agrienergy.com.au. The Company is involved in energy and resources exploration, along with the development of its Australian Ethanol business.

(a) Basis of preparation

These condensed interim financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements as at and for the year ended 30 June 2010.

These interim financial statements were approved by the Board of Directors on 14 February 2011.

Except as described below, these accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its financial report as at and for the year ended 30 June 2010.

(b) Changes in accounting policy

Presentation of transactions recognised in other comprehensive income

From 1 July 2010 the Company has applied amendments to AASB 101 *Presentation of financial statements* outlined in AASB 2010-4, *Further amendments to Australian Accounting Standards arising from the Annual Improvements Project*. The change in accounting policy only relates to disclosures and had no impact on earnings per share or net income. The changes have been applied retrospectively and have had no effect on the Company's statement of changes in equity.

(c) Accounting policy for new transactions

Financial instruments - Derivative financial instruments

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised immediately in profit or loss.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Significant estimates and assumptions used in the valuation of put and call options are included in Note 6.

(e) Going concern

This financial report has been prepared on the basis of a going concern. The Company proposes to use its working capital to continue the Australian Ethanol Business and, as announced on 21 December 2010, the Company has entered into agreements giving it the right to acquire 100% of Triton Petroleum Pte Limited via put and call options and a merger implementation agreement (MIA).

1 Summary of significant accounting policies (continued)

(e) Going concern (continued)

Should the put or call options be exercised the obligation of the parties to complete the sale and purchase of the shareholders Triton Petroleum Pte Limited shares is conditional upon and subject to the satisfaction of all conditions under the MIA. Those conditions include:

- Agri obtaining all necessary regulatory and shareholder approvals required to complete the merger including authority to allot and issue the consideration shares and all approvals required for re-compliance with chapters 1 & 2 of the ASX Listing Rules;
- Agri issuing a prospectus and receiving sufficient applications to meet the minimum subscription under the ASX listing rules required for re-compliance with chapters 1 & 2 of the ASX Listing Rules;
- Agri receiving conditional approval of ASX on terms acceptable to Agri to reinstate Agri on ASX following re-compliance with chapters 1 & 2 of the ASX Listing Rules;
- All of the option agreements being exercised on or before 31 March 2011; and
- Board control passing to Triton's nominees.

The Company has a cash balance at 31 December 2010 of $919,776 and a working capital balance of $912,645. On 4 January 2011 the Company made a working capital payment of $500,000 to Triton Petroleum Pte Limited under the MIA. The continuing operations of the Company are dependent on the Directors being able to raise sufficient capital to meet its commitments for the next twelve months. The Directors have had successful capital raisings in the past and expect to be able to raise sufficient capital in the future. The Directors are also able to reduce discretionary spending as necessary, to continue to operate in the future.

2 Segment information

The Company currently operates in one operating segment being the energy and resources sector. The Company is currently developing its Australian Ethanol Business and continues to pursue new projects in the energy and resources sector by way of acquisition or investment, and/or providing consultancy services to the ethanol industry. The Company currently operates in one geographic segment that being Australia.

The directors are of the opinion that the current financial position and performance of the Company as set out in the statement of financial position and statement of comprehensive income is equivalent to the operating segment identified above and as such no further disclosure is being provided.

3 Expenses from continuing operations

	Half-year 31 Dec 2010 $	Half-year 31 Dec 2009 $
Corporate compliance costs	27,891	52,915
General legal fees	1,878	20,166
Audit fees and disbursements	9,143	31,750
Occupancy costs	37,679	30,395
Administration costs	18,094	-
Corporate management costs	54,000	-
Renewable energy projects	6,000	-
Acquisition legal fees	9,470	-
Other	-	16,077
	164,155	**151,303**

4 Discontinued operations

The discontinued operations within the financial statements as at 31 December 2009 were the result of the Administrator taking control of the Beatrice Biodiesel, Swan Hill and European operations and other activities, other than the Australian Ethanol Business.

Results of discontinued operations	**Half-year 31 Dec 2010 $**	**Half-year 31 Dec 2009 $**
Other income - Debt defeasance	-	9,475,493
Expenses - Payment made under deed of company arrangement	-	(402,500)
	-	**9,072,993**
Income tax on discontinued operations	-	-
Profit from discontinued operations	-	**9,072,993**

Cash flow from discontinued operations

Payment made under a deed of company arrangement	-	(402,500)
	-	**(402,500)**

5 Contributed equity

(a) Share capital	**Half-year 31 Dec 2010 Shares**	**Half-year 31 Dec 2010 $**	**Full-year 30 June 2010 Shares**	**Full-year 30 June 2010 $**
Ordinary shares fully paid	**417,392,973**	**1,535,502**	417,392,973	1,535,502

(b) Movement in ordinary share capital

2010 Date	**Details**	**Number of shares**	**Issue price**	**Amount $**
1/7/2010	Opening balance	417,392,973	-	1,535,502
31/12/2010	**Balance**	**417,392,973**		**1,535,502**

2009 Date	**Details**	**Number of shares**	**Issue price**	**Amount $**
1/7/2009	Opening balance	260,914,813	-	66,925,886
1/10/2009	Consolidation 1:15	(243,521,840)	-	-
		17,392,973		66,925,886
18/12/2009	Issue of shares	40,000,000	$0.0001	4,000
18/12/2009	Issue of shares	360,000,000	$0.005	1,577,000*
	Transaction costs	-		(34,498)
31/12/2009	**Balance**	**417,392,973**		**68,472,388**

*Consistent with the share and option prospectus, in certain instances at Director's discretion, the subscription amount has been allocated between shares and/or options. In the instance where the options were issued, they were issued for no additional consideration. The total consideration has been allocated to Issued Capital or option reserve in accordance with the relative fair values. Refer to Note 5(d).

Under the deed of company arrangement and as part of the reconstruction and recapitalisation process the equity securities of the Company were consolidated on the basis of 1:15.

5 Contributed equity (continued)

(b) Movement in ordinary share capital (continued)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(c) Other equity securities - Options

31 December 2010	**Expiry Date**	**Exercise Price**	**Number under option**
Unlisted options	31/12/2013	$0.005	100,000,000
			100,000,000

31 December 2009	**Expiry Date**	**Exercise Price**	**Number under option**
Unlisted options	19/1/2010	$6.75	333,333
Unlisted options	29/1/2010	$6.75	443,332
Unlisted options	12/6/2010	$6.75	333,333
Unlisted options	31/12/2013	$0.005	100,000,000
			101,109,998

Options are considered to be potential ordinary shares. The options have been included in the determination of diluted earnings per share but have no effect. (See also note 6)

(d) Movement in other equity securities

2010 Date	**Details**	**Number of options**	**Exercise Price**	**Amount $**
1/7/2010	Opening balance	100,000,000	$0.005	223,000
31/12/2010	**Balance**	**100,000,000**		**223,000**

2009 Date	**Details**	**Number of options**	**Exercise Price**	**Amount $**
1/7/2009	Opening balance	28,000,000	$0.45	-
1/10/2009	Consolidation 1:15	(26,133,335)		
		1,866,665	$6.75	-
30/11/2009	Options expired	(756,667)	$6.75	-
18/12/2009	Options issued	100,000,000	$0.005	223,000
31/12/2009	**Balance**	**101,109,998**		**223,000**

Under the deed of company arrangement and as part of the reconstruction and recapitalisation process the equity securities of the Company were consolidated on the basis of 1:15.

At the date of signing this report, there are 100,000,000 options on issue at an exercise price of $0.005 that expire on 31 December 2013.

The 100,000,000 options were valued using the Black-Scholes options pricing model with the following inputs:

Issue price	$0.005
Stock price	$0.005
Volatility	50%
Risk free rate	4.81%
Term	5 years

6 Other financial asset / liability

On 21 December 2010, the Company entered into a Merger Implementation Agreement (MIA) to acquire 100% of Triton Petroleum Pte Limited (Triton). The Company simultaneously entered into various put and call option agreements with majority shareholders of Triton, whereby the Company has the right to buy the shares from Triton's major shareholders and the major shareholders have the right to sell their shares to the Company on matching terms. These put and call option agreements are referred to and are an integral part of the Merger Implementation Agreement.

Should these put or call options be exercised the ability of the parties to complete the transaction is conditional upon and subject to the satisfaction of all conditions under the MIA which are outlined below:

- The issuing of a prospectus and receiving sufficient applications to meet the minimum subscription under the ASX listing rules required for re-compliance with chapters 1 and 2 of the ASX listing rules;
- Approval from the ASX, on terms acceptable to the company, to reinstate the Company on the ASX following re-compliance with Chapters 1 and 2 of the ASX listing rules;
- Board control of the Company passing to Triton's nominees; and
- The Company procuring undertakings from its shareholders (in aggregate holding more than 50%) to vote in favour of all matters requiring shareholder approval.

Under the terms of the MIA, the company agreed to pay a non-refundable consideration of $500,000 to Triton, upon the request by Triton. This amount was called for and paid on 4 January 2011.

As the consideration payable at 31 December 2010 was callable by Triton, a liability for this amount has been recognised with a corresponding asset being the consideration to be paid, securing for the Company the right to enter into the MIA.

7 Events Occurring After the Balance Sheet Date

As per the terms of the MIA, Agri made a working capital payment of $500,000 to Triton on 4 January 2011, at the time it was demanded in accordance with the MIA.

Other than as disclosed, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1 the Company's operations in future financial years, or

2 the results of those operations in future financial years, or

3 the Company's state of affairs in future financial years.

The Directors' of the Company declare that:

1 The interim financial statements and notes as set out on pages 9 to 17 are in accordance with the *Corporations Act 2001*, and

(i) comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(ii) give a true and fair view of the financial position of the Company as at 31 December 2010 and of its performance for the half-year ended on that date.

2 In the opinion of the directors' there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

G Steinepreis

Gary Steinepreis
Director
West Perth
14 February 2011

Independent auditor's review report to the members of Agri Energy Limited
Report on the financial report

We have reviewed the accompanying interim financial report of Agri Energy Limited (the company), which comprises the condensed statement of financial position as at 31 December 2010, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the interim period ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 7 and the directors' declaration.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation and fair presentation of the interim 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 control relevant to the preparation and fair presentation of the interim 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 interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the 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 interim 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 2010 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Agri Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

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 Agri Energy 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 2010 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

KPMG

KPMG

Kevin Smout
Partner

Perth

14 February 2011