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Appendix 4D

For the 6 month period ended
31 December 2017

ABN 18 152 098 854

Overview

- Net loss after tax of \$6,075,537 due to increased expenditure on the Company's project portfolio;
- Increased expenditure over the previous corresponding period due to:
 - Construction and development-related activities associated with the 50MW Kidston Solar Project Stage One (**KS1**);
 - Advanced development activities defined towards reaching financial close for Genex's Stage two Kidston Projects (**Stage 2**) comprising the Stage 2 Solar Project (**K2-Solar**) and the Kidston Pumped Storage Hydro Project (**K2-Hydro**).

Commentary

For the half year ended 31 December 2017, Genex Power Limited (**Genex, Company or Consolidated Entity**) incurred an after tax loss of \$6,075,537. The majority of expenditure was incurred managing the construction of KS1 as well as ongoing development activities associated with Stage 2.

KS1:

The Company has drawn down approximately \$89m from the \$100.1m project financing facility to fund the construction of KS1. KS1 construction costs remain on budget and is expected to reach substantial completion in 1Q 2018.

KS1 commenced commissioning activities in late November and generated first revenue in December 2017. Total generation revenue of \$237,074 earned in December during the commissioning phase has been recognised as an offset to the construction costs which have been capitalised.

Stage 2:

In November 2017, Genex executed an additional funding agreement with the Australian Renewable Energy Agency (**ARENA**) for an amount of up to \$5m to fund the pre-financial close costs associated with Stage 2. This funding agreement is structured as a convertible note similar to the \$4m funding agreement already in place with ARENA¹.

Cash at Bank

As at 31 December 2017, Genex had cash at bank of \$8,174,089. In addition, there are term deposits of \$4,261,913 in place which are used as security for a number of bank guarantees.

¹ ARENA has provided 3 tranches of funding to Genex in total (refer ASX announcement of 15 December 2015 for K2-Hydro funding, ASX announcement of 8 September 2016 for KS1 Funding and ASX announcement of 17 November 2017 for Stage 2 funding (K2-Solar and K2-Hydro)).

APPENDIX 4D HALF YEAR REPORT

1. Company details

Name of entity:	Genex Power Limited
ABN:	18 152 098 854
Reporting Period:	Half year ended 31 December 2017
Previous Reporting period:	Full year ended 30 June 2017
Previous Corresponding period:	Half year ended 31 December 2016

2. Results for announcement to the market

Key information	%	Half-Year ended 31 December 2017 \$
2.1 Revenue from ordinary activities	down 56%	5,524
2.2 Loss from ordinary activities attributable to the owners of Genex Power Limited	up 104%	6,075,537
2.3 Total comprehensive Loss for the period attributable to the owners of Genex Power Limited	up 107%	6,160,665
Dividends		
2.4 No dividends have been paid or provided for during the period.		

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2.5 Explanation of the Company's Half Year Results.

The principal activities of the Consolidated Entity ("Genex") during the course of the half year period consisted of progressing and largely completing the construction of KS1 resulting in its energization and commissioning towards the end of the period in late November 2017. This was quickly followed by first revenue generation in early December. As at 31 December 2017, the construction of KS1 was complete other than ongoing commissioning works. Generation will be continually ramped up during the commissioning phase over the next few months until full capacity has been reached. It is expected that substantial completion of the project, which is when KS1 is operating at a minimum of 90% of its approved capacity, will be achieved in the current quarter. Since the start of December 2017, KS1 has been selling electricity generated directly into the National Electricity Market (**NEM**). During the current commissioning phase, the KS1 revenue earned from generation activities has been recognized as an offset to the construction costs which have been capitalised.

In November 2017, Genex executed a further funding agreement with ARENA to fund pre-financial close costs associated with Stage Two. Funding provided under the agreement is up to \$5m and is structured as a Convertible Note similar to the first ARENA funding agreement provided in relation to K2-Hydro which was announced in December 2015.¹

In terms of the Stage two projects, Genex has made significant progress in the 6 months to 31 December 2017. In August 2017, Genex executed a binding heads of agreement with Powerlink to progress a range of activities required to connect the projects to the Powerlink network. The work program is progressing well and includes activities such as undertaking environmental studies, transmission line design and easement acquisition etc.

On the design front, with the assistance of Mott MacDonald and potential EPC contractors, Genex has completed a feasibility optimization process which enhances the design and operation of the K2-Hydro project. The updated design utilised both of the existing mine pits as upper and lower reservoirs and will increase overall storage potential at the site to 8 hours.

During the period, Genex also executed a Joint Venture Early Contractor Involvement (**ECI**) agreement led by McConnell Dowell for K2-Hydro which was restructured post the end of the period to include John Holland Pty Ltd. Genex also executed an ECI with UGL Limited for K2-Solar. These ECI arrangements will allow Genex to work collaboratively with contractors during this late development stage as the projects progress towards financial close targeted for calendar year 2018.

Genex has commenced discussions with bank and other lenders to progress project financing options for Stage 2. In July 2017, the Company announced that it has progressed to the full due diligence phase with the Northern Australian Infrastructure Facility (**NAIF**) to provide partial debt funding for Stage 2.

During the period, Genex drew down \$411,010 from the Convertible Note facility pursuant to the \$4 million ARENA Funding Agreement executed and announced to the market in December 2015 in relation to funding associated with K2-Hydro.

The Consolidated Entity generated an operating loss of \$6,075,537 for the half year ended 31 December 2017 (which is an increase of \$3,086,511 based on the loss of \$2,989,026 for the half year period ended 31 December 2016), principally due to additional costs associated with the construction of KS1 and development of the Stage two projects.

¹ ARENA has provided 3 tranches of funding to Genex in total (refer ASX announcement of 15 December 2015 for K2-Hydro funding, ASX announcement of 8 September 2016 for KS1 Funding and ASX announcement of 17 November 2017 for Stage 2 funding (K2-Solar and K2-Hydro)).

3. Net tangible assets	Reporting period	Previous corresponding period
Net tangible assets per ordinary share	3.53 cents	5.55 cents

The calculation of net tangible assets per ordinary share uses the total number of shares on issue as at 31 December 2017 being 289,467,964 shares.

4. Control gained over entities

There was no change in the status of the Consolidated Entity through the year.

5. Loss of control over entities

There was no change in the status of the Consolidated Entity during the half year.

6. Details of associates and joint ventures

There are no associates or joint ventures of the Consolidated Entity.

7. Review

The attached Financial Report of Genex Power Limited for the half year ended 31 December 2017 has been reviewed by Ernst and Young, the Company's auditor.

8. Attachments

The Half Year Report of Genex Power Limited for the period ended 31 December 2017 follows.

9. Signed

Signed in accordance with a resolution of the Board of Directors.

Dated this 28th day of February 2018.

Signed:



Michael J. Addison
Managing Director