

Fitzroy River Corporation Limited

ABN 75 075 760 655

Half-year Financial Report - 31 December 2017

Fitzroy River Corporation Limited
Directors' report
31 December 2017

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2017.

Directors

The following persons were directors of the company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Malcolm McComas
Ms Susan Thomas
Mr Justin Clyne

Principal activities

The principal activities of the company are as an oil and gas investment holding company with a focus on non-operational assets such as royalties deeds, free carried interests and equity investments. The company's focus is on the 'Canning Superbasin' in Western Australia, Bass Strait through the company's investment in Royalco Resources Limited (ASX: RCO) and also the Gulf of Mexico through the Company's investment in Byron Energy Limited (ASX: BYE).

The company holds royalty interests in several permits in the Canning Superbasin via 2 separate Royalty Deeds. The company's activities are generally passive in nature and its royalty income is dependent on the activities and quantum of oil sales by third parties and the receipt of dividends from its investments.

Review of operations

The profit for the company after providing for income tax amounted to \$480,000 (31 December 2016: loss of \$297,000).

Significant changes in the state of affairs

During the financial half year, the company bought back a total of 1,463,638 fully paid ordinary shares at cost of \$293,833.

During the financial half year, the company also purchased additional 14,285,714 shares in Byron Energy Limited for consideration totalling \$1,000,000.

There were no other significant changes in the state of affairs of the company during the financial half-year.

Matters subsequent to the end of the financial half-year

Subsequent to 31 December 2017, the company has bought back a further 722,785 fully paid ordinary shares at cost of \$184,631.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Fitzroy River Corporation Limited
Directors' report
31 December 2017

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Malcolm McComas
Director

16 March 2018

16 March 2018

The Board of Directors
Fitzroy River Corporation Limited
GPO Box 4626
Sydney NSW 2001

Dear Board Members

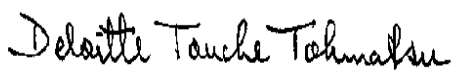
Fitzroy River Corporation Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Fitzroy River Corporation Limited.

As lead audit partner for the review of the financial statements of Fitzroy River Corporation Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Weng W Ching
Partner
Chartered Accountants

Fitzroy River Corporation Limited

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General information

The financial statements cover Fitzroy River Corporation Limited (Fitzroy) as an individual entity. The financial statements are presented in Australian dollars, which is Fitzroy's functional and presentation currency.

Fitzroy is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 6.02, Level 6
28 O'Connell Street
Sydney NSW 2000

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 March 2018.

Fitzroy River Corporation Limited
Condensed statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

	Note	Dec 17 \$'000	Dec 16 \$'000
Revenue	3	111	133
Expenses			
Professional and consultancy fees		(57)	(88)
Director and company secretarial fees		(135)	(103)
Impairment of available for sale financial assets		(57)	(149)
Share of net loss from associate accounted for using the equity method		(122)	-
Other expenses		(63)	(90)
Loss before income tax benefit		(323)	(297)
Income tax benefit	10	803	-
Profit/(loss) after income tax for the half-year attributable to the owners of Fitzroy River Corporation Limited		480	(297)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of available-for-sale financial assets, net of tax		2,485	60
Other comprehensive income for the half-year, net of tax		2,485	60
Total comprehensive income/(loss) for the half-year attributable to the owners of Fitzroy River Corporation Limited		<u>2,965</u>	<u>(237)</u>
		Cents	Cents
Basic earnings/(loss) per share	9	0.53	(0.33)
Diluted earnings/(loss) per share	9	0.53	(0.33)

The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Fitzroy River Corporation Limited
Condensed statement of financial position
As at 31 December 2017

	Note	Dec 17 \$'000	Jun 17 \$'000
Assets			
Current assets			
Cash and cash equivalents		2,786	4,268
Trade and other receivables		56	-
Other		18	12
Total current assets		<u>2,860</u>	<u>4,280</u>
Non-current assets			
Investments accounted for using the equity method	4	4,646	4,768
Available-for-sale financial assets	5	5,194	701
Total non-current assets		<u>9,840</u>	<u>5,469</u>
Total assets		<u>12,700</u>	<u>9,749</u>
Liabilities			
Current liabilities			
Trade and other payables		53	35
Total current liabilities		<u>53</u>	<u>35</u>
Non-current liabilities			
Deferred tax		262	-
Total non-current liabilities		<u>262</u>	<u>-</u>
Total liabilities		<u>315</u>	<u>35</u>
Net assets		<u>12,385</u>	<u>9,714</u>
Equity			
Issued capital	6	41,986	42,280
Reserves		2,331	(154)
Accumulated losses		<u>(31,932)</u>	<u>(32,412)</u>
Total equity		<u>12,385</u>	<u>9,714</u>

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

Fitzroy River Corporation Limited
Condensed statement of changes in equity
For the half-year ended 31 December 2017

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2016	42,284	49	(31,618)	10,715
Loss after income tax expense for the half-year	-	-	(297)	(297)
Other comprehensive income for the half-year, net of tax	-	60	-	60
Total comprehensive income/(loss) for the half-year	-	60	(297)	(237)
Balance at 31 December 2016	<u>42,284</u>	<u>109</u>	<u>(31,915)</u>	<u>10,478</u>
	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2017	42,280	(154)	(32,412)	9,714
Profit after income tax benefit for the half-year	-	-	480	480
Other comprehensive income for the half-year, net of tax	-	2,485	-	2,485
Total comprehensive income for the half-year	-	2,485	480	2,965
<i>Transactions with owners in their capacity as owners:</i>				
Share buy backs	(294)	-	-	(294)
Balance at 31 December 2017	<u>41,986</u>	<u>2,331</u>	<u>(31,932)</u>	<u>12,385</u>

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

Fitzroy River Corporation Limited
Condensed statement of cash flows
For the half-year ended 31 December 2017

	Dec 17	Dec 16
	\$'000	\$'000
Cash flows from operating activities		
Payments to suppliers (inclusive of GST)	(262)	(292)
Dividends, interest and royalties received	69	163
	<u>(193)</u>	<u>(129)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Payments for available for sale investments	(1,000)	(1,920)
Proceeds from disposal of available for sale investments	-	4
	<u>(1,000)</u>	<u>(1,916)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Payments for share buy-backs	(289)	-
	<u>(289)</u>	<u>-</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(1,482)	(2,045)
Cash and cash equivalents at the beginning of the financial half-year	4,268	9,518
	<u>2,786</u>	<u>7,473</u>
Cash and cash equivalents at the end of the financial half-year		

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

Fitzroy River Corporation Limited
Notes to the condensed financial statements
31 December 2017

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Identification of reportable operating segments

The company is organised into one operating segment: management of resource based royalties. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Note 3. Revenue

	Dec 17 \$'000	Dec 16 \$'000
Royalty income	79	-
<i>Other revenue</i>		
Interest	32	133
Revenue	<u>111</u>	<u>133</u>

Note 4. Non-current assets - investments accounted for using the equity method

	Dec 17 \$'000	Jun 17 \$'000
Investment in associate	<u>4,646</u>	<u>4,768</u>

Summarised aggregate financial information of the share of the company's share in the associate

	Dec 17	Jun 17
Loss from continuing operations	(122)	-
Other comprehensive income	-	-
Share of net losses from associate accounted for using the equity method	<u>(122)</u>	<u>-</u>

Fitzroy River Corporation Limited
Notes to the condensed financial statements
31 December 2017

Note 5. Non-current assets - available-for-sale financial assets

	Dec 17 \$'000	Jun 17 \$'000
Listed equity securities - at fair value	<u>5,194</u>	<u>701</u>

During the period, the company also purchased additional 14,285,714 shares in Byron Energy Limited for consideration totalling \$1,000,000. The remaining increase is mainly due to revaluation increments during the period.

Listed equity securities - at fair value, are measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

Note 6. Equity - issued capital

	Dec 17 Shares	Jun 17 Shares	Dec 17 \$'000	Jun 17 \$'000
Ordinary shares - fully paid	<u>89,299,656</u>	<u>90,763,294</u>	<u>41,986</u>	<u>42,280</u>

Movements in ordinary share capital

Details	Date	Shares	Purchase price	\$'000
Balance	1 July 2017	90,763,294		42,280
Share buy back	13 July 2017	(24,728)	\$0.155	(4)
Share buy back	16 August 2017	(10,000)	\$0.168	(2)
Share buy back	17 August 2017	(10,400)	\$0.170	(2)
Share buy back	18 August 2017	(60,000)	\$0.170	(10)
Share buy back	24 August 2017	(6,000)	\$0.175	(1)
Share buy back	4 September 2017	(125,994)	\$0.175	(22)
Share buy back	7 September 2017	(40,000)	\$0.180	(7)
Share buy back	11 September 2017	(40,000)	\$0.180	(7)
Share buy back	12 September 2017	(30,000)	\$0.180	(5)
Share buy back	28 September 2017	(1,000)	\$0.185	-
Share buy back	11 October 2017	(6,799)	\$0.185	(1)
Share buy back	27 October 2017	(2,400)	\$0.190	(1)
Share buy back	30 October 2017	(98,968)	\$0.200	(20)
Share buy back	21 November 2017	(600,000)	\$0.210	(126)
Share buy back	22 November 2017	(300,000)	\$0.210	(63)
Share buy back	29 November 2017	(600)	\$0.210	-
Share buy back	14 December 2017	(1,491)	\$0.210	-
Share buy back	19 December 2017	(30,000)	\$0.210	(6)
Share buy back	22 December 2017	(41,000)	\$0.210	(9)
Share buy back	27 December 2017	(12,000)	\$0.210	(3)
Share buy back	29 December 2017	(22,258)	\$0.220	(5)
Balance	31 December 2017	<u>89,299,656</u>		<u>41,986</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Fitzroy River Corporation Limited
Notes to the condensed financial statements
31 December 2017

Note 7. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 8. Events after the reporting period

Subsequent to 31 December 2017, the company has bought back a further 722,785 fully paid ordinary shares at cost of \$184,631.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 9. Earnings (Loss) per share

	Dec 17 \$'000	Dec 16 \$'000
Profit/(loss) after income tax attributable to the owners of Fitzroy River Corporation Limited	<u>480</u>	<u>(297)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>90,292,658</u>	<u>90,788,294</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>90,292,658</u>	<u>90,788,294</u>
	Cents	Cents
Basic earnings/(loss) per share	0.53	(0.33)
Diluted earnings/(loss) per share	0.53	(0.33)

Note 10. Income tax benefit

Income tax benefit in the current period comprise of current period tax benefit of \$97,000 and tax losses previously not brought to account now recognised of \$706,000.

Fitzroy River Corporation Limited
Directors' declaration
31 December 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Malcolm McComas
Director

16 March 2018

Independent Auditor's Review Report to the Members of Fitzroy River Corporation Limited

We have reviewed the accompanying half-year financial report of Fitzroy River Corporation Limited (the "Company"), which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 4 to 12.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fitzroy River Corporation Limited's financial position as at 31 December 2017 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 Fitzroy River Corporation Limited, 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Fitzroy River Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's review report

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fitzroy River Corporation 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 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Weng W Ching
Partner

Chartered Accountants
Sydney, 16 March 2018