KALINA POWER LIMITED

ABN 24 000 090 997

Half-year financial report for the half-year ended 31 December 2020

Contents

CORPORATE DIRECTORY

Directors:	Mr Ross MacLachlan	Chief Executive Officer and current acting Chairman
	Mr Tim Horgan	Executive Director
	Mr Jeffry Myers	Executive Director
	Dr Malcolm Jacques	Non-executive Director
	Mr Peter Littlewood	Non-executive Director

Company Secretary: Mr Kesh Thurairasa

Registered Office:
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Hawthorn VIC 3122
Telephone: + 61 3 9236 2800
Facsimile: + 61 3 9818 3656

Principal Place of Business:
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Share Registry:
Computershare Registry Services Pty Limited
Yarra Falls, 452 Johnston Street,
Abbotsford, Vic, Australia, 3067
Telephone: 1300 787 272

Bankers:
Commonwealth Bank of Australia
385 Bourke Street
Melbourne VIC 3000

Auditors:
HLB Mann Judd
Level 9, 575 Bourke Street
Melbourne VIC 3000
Telephone: + 61 3 9606 3888
Facsimile: + 61 3 9606 3800

Solicitors:
Gadens Lawyers
Level 25 Bourke Place
600 Bourke Street
Melbourne VIC 3000

Stock Exchange: The Company is listed on the Australian Stock Exchange. ASX code: KPO

Other Information: KALINA POWER LIMITED, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Directors' report

The directors of KALiNA Power Limited present the interim financial report of the company and its subsidiaries (the consolidated entity) for the half-year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Mr Ross MacLachlan (Chief Executive Officer and current acting Chairman)
Mr Tim Horgan (Executive Director)
Mr Jeffry Myers (Executive Director)
Dr Malcolm Jacques (Non-executive Director)
Mr Peter Littlewood (Non-executive Director)

Review of operations

The total loss of the consolidated entity attributable to the owners of the parent for the half year ended 31 December 2020 was $4,349,523 (2019: net loss $2,328,150). This equates to a basic loss per share of 0.4 cents (2019: basic loss per share of 0.3 cents).

During the period the Company raised $8,035,221 (gross) at an issue price of 2.5 cents per share through a non-renounceable rights issue and a private placement. The placement had been supported by Company directors as part of the total Placement with the required shareholder approval obtained at the Company's AGM held in November. Funds raised are primarily being used toward the development of the Company's Alberta projects and for ongoing working capital requirements.

Project locations have been selected with existing grid infrastructure that can each accommodate a 30MW plant. Each of these plants is to be configured with a 20MW advanced gas turbine and a KALiNA Cycle® waste heat recovery module that can generate 10MW of zero-emissions power from the gas turbine's waste heat. The extra 50% of "emissions-free" power generated by a 10MW KALiNA Cycle module represents the CO2 equivalent offset of approximately 40,000 tonnes per year.

KDP currently has site control established at two different 30MW locations. In the last six months, KDP has identified additional locations that can each accommodate two, 30MW KALiNA Combined Cycle power plants. These new, 60MW locations will materially improve project returns through greater synergies, cost reductions and contracting efficiencies. KDP has conducted an extensive process to secure a 60MW location and expects to announce the outcome once the formal process is complete. When this new 60MW location is finalised, KDP will have three locations under site control, representing a total generating capacity of 120MW, derived from four, 30MW plants.

KDP is engaged in detailed negotiations with several gas suppliers and industrial partners looking to toll their gas to power and effectively price their gas to a power index. This can be achieved through a 15 to 20-year tolling fee, paid by the gas producer for the use of the KDP plant to process their gas into power at market prices. One of the important criteria has been to have sufficient power generating capacity to require volumes of gas that are meaningful or strategically relevant. As part of the 30MW plant configuration, each 20MW gas turbine requires approximately five million standard cubic feet per day of gas. The tolling agreements being negotiated for 120MW of generating capacity will require roughly 20 million standard cubic feet per day of gas, which is significant.

The Company believes that the successful execution of this strategy will represent a transformative breakthrough and serve as a platform for KALiNA to become a leading global waste heat-to-power company.

Corporate

Loss for the half year attributed to owners of the parent was $4,349,523 (2019: loss $2,328,150).The loss includes non-cash items of $1,323,378 on account of share options issued to employees and consultants and $1,925,930 relate to Alberta project development expenses. During the period the Company issued 321,408,825 ordinary shares at 2.5 cents per share raising $7,160,339 after costs. Furthermore the Company issued an additional 1,333,333 ordinary shares at 3 cents per share raising $40,000.

Subsequent events

1. On 28 January 2021, the Company announced that the project in Alberta is being scaled up with the Company securing more sites. The Company further announced that its wholly owned subsidiary Kalina Distributed Power (KDP) has identified additional locations that can each accommodate two, 30MW KALiNA combined cycle power plants. These new, 60MW locations will materially improve project returns through greater synergies, cost reductions and contract efficiencies.
2. On 4 February 2021, the Company's Canadian subsidiary, Kalina Distributed Power Limited ("KDP") reported continued successful project development activity for its distributed power generation program in Alberta, Canada. During the period half, Enerflex Ltd. (TSX: EFX) ("Enerflex") was engaged by KDP and successfully completed an important engineering contract which confirms the KALiNA Cycle can be cost-effectively modularized and fabricated

for KALiNA's Combined cycle power plants in Alberta. Enerflex is now engaged in the final phase of detailed engineering, which will provide greater price and scheduling certainty for KALiNA's Combined Cycle power plants in Alberta, as required for Full Notice To Proceed ("FNTP") and financial close

The recent Front-End Engineering Design ("FEED") work completed by Enerflex delivered a Class 3 cost estimate (+20% / -10% accuracy) for a 30MW design of the KALiNA Combined Cycle power facility. KALiNA has also conducted a comprehensive review of the FEED deliverables and validated Enerflex's optimized modularization strategy, including:

- Confirmation of fabrication and assembly capabilities in Enerflex's quality-controlled facilities in Alberta;
- Modularization significantly reduces costs for on-site installation and construction;
- Modularization translates to improved cost certainty and confirmed delivery times for equipment, fabrication, and construction;
- Flexibility of KALiNA Cycle® modules can be viable using waste heat paired with several different gas turbine manufacturers;
- Cost estimates confirm KALiNA's project financial targets can be achieved; and
- Design opportunities have been identified for further cost reductions.

3. On 13 February 2021, The Victorian Government introduced stage 4 restrictions for 5 days. This restriction forced the corporate office staff to work remotely from home. However, this has not had any material impact on the company's operations as the Company was able to adopt to these restrictions as in previous restrictions. With the rollout of vaccine in Australia and Canada, the Company expects the operating environment to improve.

No other events or matters have arisen which significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future financial years.

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to *S.306(3)* of the *Corporations Act 2001*.

On behalf of the Directors

Tim Horgan
Director
Melbourne, 25 February, 2021

HLB MANN JUDD

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Kalina Power Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Kalina Power Limited and the entities it controlled during the period.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Michael Gummery
Partner

Melbourne
25 February 2021

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Independent Auditor's Review Report to the Members of Kalina Power Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Kalina Power Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated interim statement of financial position as 31 December 2020, the consolidated interim statement of profit or loss and other comprehensive income, the consolidated interim statement of changes in equity and the consolidated interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 Going Concern in the interim financial report, which indicates that the Group incurred a loss before tax of $4,456,183 (2019: loss before tax of $2,422,972) for the 6-month period ended 31 December 2020 and, over that period, incurred net operating cash outflows of $3,125,328 (2019: net operating cash outflows of $1,948,666). As stated in Note 1 Going Concern, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

HLB MANN JUDD

Responsibility of the Directors for the Financial Report

The directors of the Group 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 for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 31 December 2020 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*.

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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Michael Gummery
Partner

Melbourne
25 February 2021

Directors' declaration

In accordance with a resolution of the directors of KALiNA Power Limited, the directors of the Company declare that:

1. The Financial Statements and notes as set out on pages 11 to 18 are in accordance with the *Corporations Act 2001* including:

    a. Complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and

    b. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ending on that date.

2. In the directors' opinion and based on the factors outlined in Note 1 Going Concern, 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 Directors

Tim Horgan
Director
Melbourne, 25 February, 2021

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2020

	Consolidated	
	Half-year ended 31 Dec 2020 $	Half-year ended 31 Dec 2019 $
Continuing operations		
Revenue	-	-
Cost of sales	-	-
Gross profit/(loss)	-	-
Other revenue/(expenses)	151,084	188,569
Finance income	3,463	692
Employee benefits expenses	(1,740,960)	(1,296,094)
Administration expenses	(193,793)	(204,816)
Depreciation and amortisation expense	(2,891)	(2,109)
Travel expenses	(30,106)	(128,488)
Bad debts	-	(58)
Gain on financial assets at fair value through profit or loss	-	41,939
Legal and professional fees	(2,187,574)	(858,104)
Patent costs	(333,501)	(100,457)
Foreign exchange gain/(loss)	(60,461)	5,684
Finance costs	(61,444)	(69,730)
Loss before tax	(4,456,183)	(2,422,972)
Income tax benefit/(expense)	-	-
Loss for the period	(4,456,183)	(2,422,972)
Other comprehensive income/(loss), net of income tax		
Items that may be reclassified subsequently to profit or loss		
Exchange reserve arising on translation of foreign operations	216,293	3,375
Other comprehensive gain for the period, net of income tax	216,293	3,375
Total comprehensive income/(loss) for the period	(4,239,890)	(2,419,597)
Profit/(Loss) attributed to:		
Owners of the parent	(4,349,523)	(2,328,150)
Non-controlling interests	(106,660)	(94,822)
	(4,456,183)	(2,422,972)
Total comprehensive profit/(loss) attributed to:		
Owners of the parent	(4,180,321)	(2,066,706)
Non-controlling interests	(59,569)	(352,891)
	(4,239,890)	(2,419,597)
Earnings/(loss) per share		
From continuing and discontinued operations:		
Basic (cents per share)	(0.4)	(0.3)
Diluted (cents per share)	(0.4)	(0.3)

Notes to the consolidated financial statements are included on pages 14 to 17.

Consolidated statement of financial position as at 31 December 2020

	Note	Consolidated 31 Dec 2020 $	Consolidated 30 Jun 2020 $
Current assets			
Cash and cash equivalents		4,354,445	440,600
Trade and other receivables		99,871	98,101
Other financial assets		-	2,573
Total current assets		**4,454,316**	**541,274**
Non-current assets			
Investments accounted for using the equity method		9,200	9,200
Property, plant and equipment		19,461	19,707
Total non-current assets		**28,661**	**28,907**
Total assets		**4,482,977**	**570,181**
Current liabilities			
Trade and other payables		615,500	974,110
Provisions		167,619	291,703
Total current liabilities		**783,119**	**1,265,813**
Non-current liabilities			
Borrowings	4	1,786,571	1,881,133
Provisions		45,455	38,673
Total non-current liabilities		**1,832,026**	**1,919,806**
Total liabilities		**2,615,145**	**3,185,619**
Net assets/(liabilities)		**1,867,832**	**(2,615,438)**
Equity			
Issued capital		117,883,350	113,804,238
Reserves		7,731,692	2,918,442
Accumulated losses		(112,999,775)	(108,650,252)
Total equity attributable to equity holders of the company		12,615,267	8,072,428
Non-controlling interest		(10,747,435)	(10,687,866)
Total equity		**1,867,832**	**(2,615,438)**

Notes to the consolidated financial statements are included on pages 14 to 17.

Consolidated statement of changes in equity for the half-year ended 31 December 2020

	Consolidated								
	Issued capital and contributed equity	Foreign currency translation reserve	Share based payments reserve	Other reserves	Treasury Shares	Accumulated losses	Attributable to owners of the parent	Non-controlling interest	Total
	$	$	$	$	$	$	$	$	$
Balance at 1 July 2019	110,666,415	3,283,216	9,064,396	(9,939,836)	(450,800)	(104,126,887)	8,496,504	(10,226,781)	(1,730,277)
Movement in foreign currency	-	261,444	-	-	-	-	261,444	(258,069)	3,375
Profit/(Loss) for the period	-	-	-	-	-	(2,328,150)	(2,328,150)	(94,822)	(2,422,972)
Total comprehensive loss for the period	-	261,444	-	-	-	(2,328,150)	(2,066,706)	(352,891)	(2,419,597)
New share issue	3,292,000	-	-	-	-	-	3,292,000		3,292,000
Options Issued		-	735,612	-	-	-	735,612	-	735,612
Capital raising costs	(138,153)	-	-	-	-		(138,153)	-	(138,153)
Balance at 31 December 2019	**113,820,262**	**3,544,660**	**9,800,008**	**(9,939,836)**	**(450,800)**	**(106,455,037)**	**10,319,257**	**(10,579,672)**	**(260,415)**

	Issued capital and contributed equity	Foreign currency translation reserve	Option reserve	Other reserves	Treasury Shares	Accumulated losses	Attributable to owners of the parent	Non-controlling interest	Total
	$	$	$	$	$	$	$	$	$
Balance at 1 July 2020	113,804,238	3,509,070	9,800,008	(9,939,836)	(450,800)	(108,650,252)	8,072,428	(10,687,866)	(2,615,438)
Movement in foreign currency	-	169,202	-	-	-	-	169,202	47,091	216,293
Profit/(Loss) for the period	-	-	-	-	-	(4,349,523)	(4,349,523)	(106,660)	(4,456,183)
Total comprehensive loss for the period	-	169,202	-	-	-	(4,349,523)	(4,180,321)	(59,569)	(4,239,890)
New share issue	4,953,994	-	-	-	-	-	4,953,994		4,953,994
Options Issued		-	4,644,048	-	-	-	4,644,048	-	4,644,048
Capital raising costs	(874,882)	-	-	-	-		(874,882)	-	(874,882)
Balance at 31 December 2020	**117,883,350**	**3,678,272**	**14,444,056**	**(9,939,836)**	**(450,800)**	**(112,999,775)**	**12,615,267**	**(10,747,435)**	**1,867,832**

Notes to the consolidated financial statements are included on pages 14 to 17.

Consolidated cash flow statement for the half-year ended 31 December 2020

	Consolidated	
	Half-year ended 31 Dec 2020	Half-year ended 31 Dec 2019
	$	$
Cash flows from operating activities		
Receipts from customers	1,439	94,374
Interest and finance costs paid	-	(544)
Payments to suppliers and employees	(3,265,430)	(2,043,188)
Interest received	3,463	692
Government cash assistance	135,200	-
Net cash (used in)/generated by operating activities	(3,125,328)	(1,948,666)
Cash flows from investing activities		
Proceeds from sale of equity investments	9,554	-
Payment for fixed assets	(2,645)	(5,579)
Payment to term deposits	-	(14,628)
Net cash (used in)/generated by investing activities	6,909	(20,207)
Cash flows from financing activities		
Proceeds from issue of shares and options	7,642,070	3,292,000
Proceeds from options exercised	3,656	-
Proceeds from borrowings	500,000	500,000
Repayment of borrowings	(500,000)	(500,000)
Capital raising costs	(613,462)	(148,681)
Net cash (used in)/generated by financing activities	7,032,264	3,143,319
Net increase/(decrease) in cash and cash equivalents	3,913,845	1,174,446
Cash and cash equivalents at the beginning of the period	440,600	1,028,238
Cash and cash equivalents at the end of the period	4,354,445	2,202,684

Notes to the consolidated financial statements are included on pages 14 to 17.

Notes to consolidated financial statements

1. Summary of significant accounting policies

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of KALiNA Power Limited and its controlled entities (referred to as the "Group"). These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly these financial statements be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the following half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.
The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

COVID-19

The Covid-19 pandemic has caused a number of challenges, including restrictions on travel and meetings which would have otherwise taken place. Working together with various capital providers and engineering partners, management and its advisors have adapted to the situation and continued to be constructively engaged in moving the projects forward. Further these challenges have not had much impact in the fund raising process recently undertaken by the Company.

Whilst Covid-19 has not materially impacted the project development or funding process to date, until vaccine rollout reaches an advanced stage, there is still continued uncertainty as to the duration of and further impact of Covid-19 including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines, travel restrictions and the impact on the Australian, Canadian economy. If the risk of spread of Covid-19 continues, and/or the actions taken to combat Covid-19 persist, the Company's operational and financial performance could be impacted. This could also affect delivery of equipment where suppliers and their supply chains are adversely impacted by Covid-19, site specific activities related to site preparation and construction

These interim financial statements were authorised for issue by the board of directors on 25 February, 2021.

Accounting Policies

Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time during the half year to 31 December 2020. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Entity.

The key critical accounting estimates and judgements are:

Going concern

The consolidated entity's operating loss for the half year ended 31 December 2020 amounted to $4,456,183 (31 December 2019: loss of $2,422,972), and over that period, the consolidated entity incurred net operating cash outflows of $3,125,328 (31 December 2019: net operating cash outflows of $1,948,666).The consolidated entity had net current assets as at 31 December 2020 of $3,671,197 (30 June 2020: net current liabilities $724,539). At the date of this report, the Directors have considered the above factors and the additional funds required to accomplish its business objectives and are of the opinion that the consolidated entity will be able to continue as a going concern and will be able to pay its debts as and when they fall due, based on forecasted cash flows through to February 2022.
The above statement is underpinned by certain key assumptions including:

- On 28 January 2021, the company announced that Full Notice to Proceed (FNTP) for the first two plants will be reached by July 2021. At which stage the Company expects to receive approximately $7.7m (C$7.5m) by way of reimbursement of development costs and development fee for the first two projects the Company is currently working on.
- The Company has an $8m placing facility with Long State Investment Limited for two years till 6 July 2022, which allows the Company to draw in tranches of $400,000. The Company is yet to utilise this facility.

The company has a good track record of raising equity funds and loan funds in the past. In the event that the company is unable to meet some of its objectives as above including achieving FNTP by July 2021, there is material uncertainty whether the consolidated entity will continue as a going concern. If the consolidated entity is unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

2. Segment information

The following is an analysis of the Group's revenue and results by reportable operating segments for the periods under review:

	Revenue		Segment profit/(loss)	
	Half-year ended		Half-year ended	
	31 Dec 2020 $	31 Dec 2019 $	31 Dec 2020 $	31 Dec 2019 $
Continuing operations				
Investments	-	-	(1,779,611)	(1,683,169)
Power business	-	-	(2,676,572)	(739,803)
Consolidated segment revenue				
Revenue for the period	-	-	-	-
Profit/(loss) for the period	-	-	(4,456,183)	(2,422,972)

Segment loss represents the loss incurred by each segment with the allocation of interest revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by reportable operating segment

	Consolidated	
	31 Dec 2020 $	30 Jun 2020 $
Investments	4,176,459	458,824
Power business	306,518	111,357
Total segment assets	4,482,977	570,181
Unallocated assets	-	-
Total assets	4,482,977	570,181

3. Investments accounted for using the equity method

Name of entity	Country of incorporation	Principal activity	Ownership interest 31 Dec 2020 %	Ownership interest 31 Dec 2019 %
Associates				
Exergy Inc	USA	Investment	46.0	46.0

	Consolidated	
	31 Dec 2020 $	30 Jun 2020 $
Reconciliation of movement in investment accounted for using the equity method:		
Balance at start of period	9,200	9,200
Balance at end of period	9,200	9,200

Dividends received from associates

No dividends were received during the half year (31 December 2019: Nil) from the associates.

4. Non-current liabilities

	31 Dec 2020	30 June 2020
Borrowings (i)	1,786,571	1,881,133

(i) Relates to amounts owing to key outside shareholders of New Energy Asia (NEA), on account of expenses incurred and payable under the loan agreement only when NEA has adequate funds to meet one years working capital requirements after payment of this amount. Interest accrues at 10% per annum.

5. Contributed equity

Ordinary Shares	31 Dec 2020 *No .Shares*	30 June 2020 *No. Shares*
Fully paid		
Movement during the half year		
Opening Balance	819,200,174	725,143,031
Movements during the period	322,742,158	94,057,143
	1,141,942,332	819,200,174

During the half year the company issued 322,742,158 ordinary shares and nil options were exercised.

6. Dividends

No dividends have been paid or declared since the start of the interim period.

7. Contingent liability

The Company supported its subsidiary New Energy Asia by way of financial guarantees of certain liabilities amounting to approximately RMB5,500,000 including in part those related to the building of the Sinopec Hainan plant. The Company has been advised that the Bank of East Asia has obtained a judgement against Shanghai Shenghe New Energy Resources Science & Technology Co Ltd (SSNE) the Kalina Cycle licensee for China, Macau,Taiwan and Hong Kong,through proceedings in China for repayment of the Loan. The Company is not a party to these proceedings. It has been agreed with SSNE that the Bank of East Asia loan will be repaid from the payments anticipated to be made by Sinopec. If there are delays in this payment being made to Bank of East Asia the Company may be required to respond to potential proceedings. The directors believe they have grounds to defend possible claims under the guarantees provided and will contest any claim made.

There are no other known contingencies as at 31 December 2020.

8. Subsequent events

1. On 28 January 2021, the Company announced that the project in Alberta is being scaled up with the Company securing more sites. The Company further announced that its wholly owned subsidiary Kalina Distributed Power (KDP) has identified additional locations that can each accommodate two, 30MW KALiNA combined cycle power plants. These new, 60MW locations will materially improve project returns through greater synergies, cost reductions and contract efficiencies.
2. On 4 February 2021, the Company's Canadian subsidiary, Kalina Distributed Power Limited ("KDP") reported continued successful project development activity for its distributed power generation program in Alberta, Canada. During the period half, Enerflex Ltd. (TSX: EFX) ("Enerflex") was engaged by KDP and successfully completed an important engineering contract which confirms the KALiNA Cycle can be cost-effectively modularized and fabricated for KALiNA's Combined cycle power plants in Alberta. Enerflex is now engaged in the final phase of detailed engineering, which will provide greater price and scheduling certainty for KALiNA's Combined Cycle power plants in Alberta, as required for Full Notice To Proceed ("FNTP") and financial close

   The recent Front-End Engineering Design ("FEED") work completed by Enerflex delivered a Class 3 cost estimate (+20% / -10% accuracy) for a 30MW design of the KALiNA Combined Cycle power facility. KALiNA has also conducted a comprehensive review of the FEED deliverables and validated Enerflex's optimized modularization strategy, including:

   - Confirmation of fabrication and assembly capabilities in Enerflex's quality-controlled facilities in Alberta;
   - Modularization significantly reduces costs for on-site installation and construction;
   - Modularization translates to improved cost certainty and confirmed delivery times for equipment, fabrication, and construction;
   - Flexibility of KALiNA Cycle® modules can be viable using waste heat paired with several different gas turbine manufacturers;
   - Cost estimates confirm KALiNA's project financial targets can be achieved; and
   - Design opportunities have been identified for further cost reductions

3. On 13 February 2021, The Victorian Government introduced stage 4 restrictions for 5 days. This restriction forced the corporate office staff to work remotely from home. However, this has not had any material impact on the company's operations as the Company was able to adopt to these restrictions like in previous restrictions. With the rollout of vaccine in Australia and Canada, the Company expects the operating environment to improve.

Apart from the above no other events or matters have arisen which significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future financial years.