Appendix 4D -Half year report

Results for announcement to the market

Name of Entity	BPH Energy Limited
ABN	41 095 912 002
Half Year Ended	31 December 2012
Previous Corresponding Reporting Period	31 December 2011

				$A'000
Revenues from ordinary activities	Up	1%	to	106
(Loss) from ordinary activities after tax attributable to members	down	49%	to	(282)
Net (loss) for the period attributable to members	down	49%	to	(282)

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final dividend Interim dividend	Nil	Nil
Previous corresponding period	N/A	N/A

Please refer to attached accounts for commentary on the results

Other notes to the condensed financial statements

Ratios	**Current period**	**Previous corresponding Period**
Loss before tax / revenue Consolidated (loss) from ordinary activities before tax as a percentage of revenue	(347.89)%	(552.64)%
Loss after tax / equity interests Consolidated net (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	(0.68)%	(1.59)%

NTA Backing	**Current period**	**Previous corresponding Period**
Net tangible asset backing per ordinary security	30.58 cps	31.04 cps

Commentary on Results

The consolidated loss of the consolidated entity after providing for income tax amounted to $296,486 (2011: $561,716).

The net assets of the consolidated entity decreased by $294,288 to $48,494,861 at 31 December 2012. This decrease has largely resulted from cash balances decreasing by $550k after the continued provision of funding to Cortical Dynamics Limited and Molecular Discovery Systems Limited.

Significant developments during the period include :

- During the period BPH investee Cortical Dynamics ("Cortical") completed recruitment of patients in its current trial. The study employed the Brain Anaesthesia Response (BAR) monitor to detect varying levels of anaesthetic agents in an operating room environment where the presence of multiple artifacts are known to complicate the EEG assessment of anaesthetic action.

- During the period BPH investee Cortical received confirmation that a key patent relating to its BAR monitor had been granted in the People's Republic of China. The issued patent entitled "EEG Analysis System" is valid until June 2027.

- During the period BPH investee Molecular Discovery Systems Ltd ("MDS") signed a collaboration agreement with the Peter MacCallum Centre. The collaborative research program will focus on the discovery and development of new cancer drugs that normalise the function of the key tumour suppressor p53.

- During the period BPH investee Advent Energy Limited entered into a data sharing and land access agreement with Beach Energy Ltd. The agreement was reached in relation to Beach's intended acquisition of airborne gravity and aeromagnetic data, and the resultant sharing of that data, in the onshore Bonaparte Basin.

- BPH investee Advent Energy Ltd confirmed the renewal of key offshore Sydney Basin permit Petroleum Exploration Permit 11 for a further 5 year term. The renewal was formally granted on 13 August 2012.

- BPH investee Advent Energy re-entered Waggon Creek-1 located within EP386, and 10km from Vienta-1, for the purpose of recompletion and production testing in 2011. The well was flowed for 6 hours before operations were suspended for the northern wet season. Advent Energy concluded the production testing program on Waggon Creek-1 during 2012. The testing produced gas flows of up to 26,370m3 (0.96 MMscf) per day without production of formation water. Comparison of gas compositions of samples obtained from the 2011 perforated zones and the recent 2012 perforated zones indicates a potential single gas column of over 217 metres between the top and bottom perforated zones. This provides a significant gas resource upside in this stratigraphic trap should Advent Energy successfully identify areas within the interpreted Waggon Creek gas accumulation of thicker reservoir development. Further investigative work could refine this upside potential.

- In September 2012, Advent Energy advised that, following an extensive review of all available data, it had increased the volumetric estimates of conventional prospective recoverable resources in EP386 in the onshore Bonaparte Basin, northern Western Australia. New prospective recoverable resources of between 53.3 Billion Cubic Feet (Bcf) (Low Estimate) and 1,326.3 Bcf (High Estimate) were assessed for the conventional hydrocarbon prospectivity within EP386. This is in addition to the considerable unconventional (shale) gas resources previously identified in EP386 and RL1.

Contents

BPH Energy Ltd and its controlled entities

Company Information

Directors
David Breeze – Executive Chairman
Greg Gilbert – Non Executive Director
Hock Goh – Non Executive Director
Deborah Ambrosini –Executive Director and Company Secretary

Scientific Advisors
Professor Peter Klinken
Dr Robin Scaife
Professor David Liley

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Auditor
Nexia Perth Audit Services Pty Ltd
Level 3
88 William Street
PERTH WA 6000

Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Australian Business Number
41 095 912 002

The directors of BPH Energy Ltd submit herewith the financial report for the half year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the period are:

D L Breeze
G Gilbert
H Goh
D Ambrosini

Review of Operations

Operating loss for the consolidated entity after tax for the year was $296,486 (2011 $561,716).

- During the period BPH investee Cortical Dynamics ("Cortical") completed recruitment of patients in its current trial. The study employed the Brain Anaesthesia Response (BAR) monitor to detect varying levels of anaesthetic agents in an operating room environment where the presence of multiple artifacts are known to complicate the EEG assessment of anaesthetic action.

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Significant changes in state of affairs

During the period there were no other significant changes in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Subsequent Events

Other than referred in note 10 of these financial accounts there have not been any matters or circumstance that have arisen since the end of the period, that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Dividends

The Directors recommend that no dividend be paid in respect of the current period and no dividends have been paid or declared since the commencement of the period.

Auditor's Independence

The directors received a declaration of independence from the auditor. This is included in the financial report on page 3.

Signed in accordance with a resolution of the directors made pursuant to s.306(c) of the Corporations Act 2001.

On behalf of the Directors

D. Breeze.

D L Breeze
Executive Chairman
PERTH, 8 February 2013

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Auditor's independent declaration under section 307C of the Corporations Act 2001

To the directors of BPH Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2012, there have been:

(i) no contraventions of the auditor's 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.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani B.Eng, CA
Director

Perth
8 February 2013

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The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the directors 'opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

D L Breeze
Executive Chairman
PERTH, 8 February 2013

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2012

BPH Energy Ltd and its controlled entities

	Note	CONSOLIDATED 31 December 2012 $	31 December 2011 $
Interest revenue	4	106,684	105,609
Other Gains/Losses	4	-	(90,188)
Administration expenses		(65,547)	(90,528)
Consulting and legal expenses		(85,549)	(118,815)
Depreciation and amortisation expense		(409)	(398)
Employee benefits expense		(43,622)	(35,425)
Insurance expenses		(14,970)	(14,799)
Other expenses		(67,703)	(71,452)
Debt write off	4	98,738	-
Share of Associates Loss		(143,318)	(124,053)
Research and Development expenses		(86,650)	(78,068)
Service expenses		(68,793)	(65,520)
Operating Loss before income tax		(371,139)	(583,637)
Income tax benefit		(74,653)	(21,921)
Operating Loss from continuing operations		(296,486)	(561,716)
Other comprehensive income		-	-
Total Comprehensive income for the period		**(296,486)**	**(561,716)**
Loss attributable to non controlling interest		(14,553)	(11,964)
Loss attributable to members of the parent entity		(281,933)	(549,752)
Earnings per share			
From continuing and discontinued operations-			
Basic and Diluted (cents per share)		(0.17)	(0.29)
From continuing operations -			
Basic and Diluted (cents per share)		(0.17)	(0.29)

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position as at 31 December 2012

BPH Energy Ltd and its controlled entities

	Note	CONSOLIDATED 31 December 2012 $	30 June 2012 $
Current Assets			
Cash and cash equivalents	5	1,248,276	1,798,924
Trade and other receivables		17,201	2,913
Financial Assets	9	1,818,682	1,707,203
Other Current Assets		25,586	18,189
Total Current Assets		3,109,745	3,527,229
Non-Current Assets			
Financial assets	9	510,656	338,373
Investment in associates	8	50,110,166	50,253,484
Intangible assets		72,454	72,454
Property, plant and equipment		862	1,271
Total Non-Current Assets		50,694,138	50,665,582
Total Assets		53,803,883	54,192,811
Current Liabilities			
Trade and other payables		556,888	572,580
Financial liabilities		473,266	479,502
Provisions		22,014	20,072
Total Current Liabilities		1,052,168	1,072,154
Non-Current Liabilities			
Deferred Tax liabilities		4,256,854	4,331,508
Total Non-Current Liabilities		4,256,854	4,331,508
Total Liabilities		5,309,022	5,403,662
Net Assets		48,494,861	48,789,149
Equity			
Issued capital	6	41,511,195	41,511,195
Reserve		15,433,788	15,431,590
Accumulated losses		(8,356,328)	(8,074,395)
Non controlling interests		(93,794)	(79,241)
Total Equity		48,494,861	48,789,149

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity for the half year ended 31 December 2012

BPH Energy Ltd and its controlled entities

CONSOLIDATED	Ordinary Share Capital $	Accumulated losses $	Options reserve $	Fair Value Adjustment	Total attributable to owners of the parent entity $	Non Controlling Interest $	Total $
Balance as at 1 July 2011	42,860,310	(7,335,230)	407,766	15,015,000	50,947,846	(53,928)	50,893,918
Loss for the period	-	(549,752)	-	-	(549,752)	(11,964)	(561,716)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the half year	-	(549,752)	-	-	(549,752)	(11,964)	(561,716)
Transactions with owners in their capacity as owners							
Share issued on exercise of options	885	-	-	-	885	-	885
Shares cancelled in selective buyback	(1,350,000)	-	-	-	(1,350,000)	-	(1,350,000)
Options charges during the period	-	-	6,046	-	6,046	-	6,046
Balance for the half year ending 31 December 2011	41,511,195	(7,884,982)	413,812	15,015,000	49,055,025	(65,892)	48,989,133
Balance as at 1 July 2012	41,511,195	(8,074,395)	416,590	15,015,000	48,868,390	(79,241)	48,789,149
Loss for the period	-	(281,933)	-	-	(281,933)	(14,553)	(296,486)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the half year	-	(281,933)	-	-	(281,933)	(14,553)	(296,486)
Transactions with owners in their capacity as owners							
Options charges during the period	-	-	2,198	-	2,198	-	2,198
Balance for the half year ending 31 December 2012	41,511,195	(8,356,328)	418,788	15,015,000	48,588,655	(93,794)	48,494,861

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows
for the period ended 31 December 2012
BPH Energy Ltd and its controlled entities

		CONSOLIDATED	
	Note	31 December 2012 $	31 December 2011 $
Cash Flows From Operating Activities			
Cash receipts from customers		-	-
Cash payments to suppliers		(323,572)	(325,765)
Interest received		22,924	82,397
Net cash used in operating activities		(300,648)	(243,368)
Cash Flows From Investing Activities			
Loans repayments / (provided to) other entities		(250,000)	1,180,786
Net cash provided by/(used in) investing activities		(250,000)	1,180,786
Cash Flows From Financing Activities			
Payment for Share Buyback		-	(1,350,000)
Proceeds from capital raising		-	885
Net cash (used in)/provided by financing activities		-	(1,349,115)
Net (decrease) / increase in Cash Held		(550,648)	(411,697)
Cash At the Beginning Of The Financial Period		1,798,924	2,922,830
Cash At The End Of The Financial Period	5	1,248,276	2,511,133

The accompanying notes form part of these financial statements.

1. CORPORATE INFORMATION

The financial report of BPH Energy Ltd authorised for issue in accordance with a resolution of the directors on 8 February 2013.

BPH Energy Ltd is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting.

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of BPH Energy Ltd as at 30 June 2012.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period

It is also recommended that the half-year financial report be considered together with any public announcements made by BPH Energy Ltd and its controlled entities during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX Listing Rules.

(a) Basis of Preparation

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) Significant Accounting Policies

The half-year condensed consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2012, except for the impact of the standards and interpretations below in note 2(c). The accounting policies are consistent with Australian Accounting Standards and with International Reporting Standards.

(c) New standards and Interpretations Not Yet Adopted

In the half-year ended 31 December 2012, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2012.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. Management are in the process of assessing the impact of the adoption of these standards and interpretations on the consolidated entity.

(d) Going Concern

The consolidated entity has incurred a net loss before tax for the period ended 31 December 2012 of $371,139 (2011: $583,637).

The consolidated entity has a working capital surplus of $2,057,577 as at 31 December 2012 (30 June 2012: surplus of $2,455,075) and cash assets of $1,248,276 as at 31 December 2012 (30 June 2012: $1,798,924) along with trade creditors and other payables of $556,888 (30 June 2012: $572,580). Included in the working capital surplus are loan receivables of $1,818,682 at 31 December 2012 (30 June 2012: $1,707,203) from other entities.

The directors have reviewed their expenditure and commitments for the consolidated entity and have implemented methods of costs reduction. The directors as a part of their cash monitoring, have voluntarily suspended cash payments for their director's fees to conserve cash resources.

The directors have prepared cash flow forecasts that indicate that the consolidated entity will have sufficient cash flows for a period of at least 12 months from the date of this report.

Based on the cash flow forecasts and the recoverability of the director related entity loan receivable, the directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

3. OPERATING INFORMATION

Operating segments have been identified on the basis of internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Board of Directors. On a regular basis, the board receives financial information on the consolidated entity on a basis similar to the financial statements presented in the financial report, to manage and allocate their resources.

The consolidated entity holds investments in two principal industries and these are biotechnology, and oil and gas exploration and development.

4. REVENUE, INCOME AND EXPENSES

	Consolidated	
	31 December 2012 $	**31 December 2011 $**
Revenue		
Interest revenue : other entities	106,684	105,609
Total revenue	106,684	105,609

Expenses

During the period BPH Energy made the final repayment of an outstanding debt. As per the agreement the balance of the debt was written off resulting in other expenses having a credit balance at reporting date.

	Consolidated	
	31 December 2012 $	**31 December 2011 $**
Other gains/losses		
Net gain/loss arising on recognition of derivative	-	(90,188)
	-	(90,188)

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2012 $	**30 June 2012 $**
For the purpose of the half-year condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand from continuing operations	1,248,276	1,798,924
	1,248,276	1,798,924

6. CONTRIBUTED EQUITY

	Consolidated	
	31 December 2012 $	**30 June 2012 $**
172,562,245 (June 2012: 172,562,245) fully paid ordinary shares	41,511,195	41,511,195

The Company has no authorised capital and the issued shares do not have a par value.

	Consolidated	
	No.	**$**
Movements in ordinary shares on issue		
At the beginning of reporting period	172,562,245	41,511,195
At reporting date	172,562,245	41,511,195

Capital Raising

During the period nil options were exercised (June 2012: 4,425 options were exercised).

Fully Paid Ordinary Share Capital

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

7. COMMITMENTS AND CONTINGENT LIABILITIES

There has been no material changes to the commitments and contingencies since 30 June 2012.

8. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	31 December 2012 $	30 June 2012 $
Advent Energy Ltd	48,698,883	48,819,692
Molecular Discovery Systems Ltd	1,411,283	1,433,792
	50,110,166	50,253,484

(a) Shares in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.

Name of Entity	Country of Incorporation	Ownership Interest %	
		2012	June 2012
Molecular Discovery Systems	Australia	20%	20%
Advent Energy Ltd	Australia	27.4%	27.4%

9. FINANCIAL ASSETS

	Consolidated 31 December 2012 $	Consolidated 30 June 2012 $
Current		
Unsecured Loans to other entities: (b)		
Grandbridge Limited	55,645	55,645
Cortical Dynamics Limited	485,070	485,070
Molecular Discovery Systems Pty Ltd	345,200	345,200
MEC Resources Limited and Advent Energy Limited	41,980	41,980
Secured Loans to other entities: (c)		
Cortical Dynamics Limited	510,179	478,617
Molecular Discovery Systems Pty Ltd	380,608	300,691
	1,818,682	1,707,203
Non current		
Loans and receivables at amortised cost		
Secured loan to Cortical Dynamics (c)	461,707	289,424
Available for sale financial assets (a)	48,949	48,949
	510,656	338,373
(a) Available for sale financial assets comprise:		
Unlisted investments, at fair value		
- Shares in other corporations	48,949	48,949
Total available for sale financial assets	48,949	48,949

(b) These loans are unsecured, non interest bearing and repayable on demand.

(c) These loans are secured by a charge over all of the assets and undertakings of each entity and interest bearing. Subject to the conditions of the agreement BPH Energy has the right to conversion to satisfy the debt on or before the termination date.

The company has a convertible loan agreement with MDSystems. The loan is for a maximum amount of $500,000 and is to be used for short term working capital requirements. Subject to MDSystems being admitted to the Official list BPH Energy has a right of conversion to satisfy the debt on or before the termination date of 26 November 2013. As at reporting date the loan had been drawn down by an amount of $380,608 (June 2012: $300,691).

The company has entered into a convertible loan agreement with Cortical Dynamics. The loan is for a maximum amount of $500,000 and is to be used for short term working capital requirements. Subject Cortical being admitted to the Official list BPH Energy has a right of conversion to satisfy the debt on or before the termination date of 19 November 2013. As at reporting date the loan had been drawn down by an amount of $510,179 (June 2012: $478,617).

On 28th February 2012 BPH Energy entered into a convertible loan agreement with Cortical Dynamics. The facility is for a maximum amount of $1M and has an annual interest rate of 9.40%. The will be used for short term working capital requirements and funding further development of the BAR monitor. The facility will terminate on the earlier of 24 months from the execution date and any date on which the facility is terminated in accordance with the agreement. The loan is convertible at BPH's election if Cortical is unsuccessful in its application for admission to the Official List. As at reporting date the loan had been drawn down by an amount of $461,707 (June 2012: $289,424).

10. EVENTS SUBSEQUENT TO REPORTING DATE

There have not been any matters or circumstances that have arisen since the end of the financial year, that have significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

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Independent Auditor's Review Report to the members of BPH Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BPH Energy Limited and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2012, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the 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, including the Australian Accounting Interpretations, and the *Corporations Act 2001.* This responsibility includes: establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of 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 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 2012 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 BPH Energy 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

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 BPH Energy Limited and its controlled entities 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 2012 and of its performance for the half-year ended on that date; and

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

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani B.Eng, CA
Director

Perth 8 February 2013