VERUS INVESTMENTS LIMITED

ABN 59 009 575 035

ASX Appendix 4D & Financial report for the half-year ended

31 December 2008

ASX Appendix 4D & Financial report for the half-year ended 31 December 2008

Results for announcement to the market

Current reporting period: half-year ended 31 December 2008
and previous reporting period: half-year ended 31 December 2007

Results				A$
Revenues	-	No change	to	0
Loss from ordinary activities after tax attributable to members	Down	80%	to	(1,109,074)
Net Loss for the period attributable to members	Down	80%	to	(1,109,074)

Dividends (distributions)	Amount per security	Franked amount per security
Current period		
Interim dividend declared	-	-
Final dividend paid	-	-
Previous corresponding period		
Interim dividend declared	-	-
Special dividend paid	-	-
Final dividend paid	-	-

Record date for determining entitlements to the dividend,	N/A

A brief explanation of revenue, net profit and dividends has been detail in the enclosed Director report, Income statement, Balance sheet, Cash flow statement and Note to financial statements.

The directors of Verus Investments Limited ("Company") submit herewith the financial report of the consolidated entity for the half-year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Mr. Andrew McIlwain	Chairman
Mr. Michael Montgomery	Non-executive Director
Mr. Gregory Lee	Non-executive Director
Mr. David Calcei	Non-executive Director

Result

The consolidated loss for the half year was $1,109,074 (Parent entity 2007:$5,605,965).

Review of Operations

During the half-year to the end of 2008, we have seen a continuing and escalating deterioration in world market conditions as a result of negative sentiment from the global credit crisis. We have also witnessed a significant downturn in global commodity demand and resultant pricing. Ultimately there has been a tremendous shift in the equity markets from previous years in the ability to access new capital and deliver projects with appropriate investment returns. In response to these factors the board has completed a comprehensive review of activities and investments with the objective of conserving current cash reserves.

Brazilian mineral property investment

Post year end, Verus announced to the ASX its intention to not participate with further investment in the Brazilian resource projects. Whilst the prospectivity of these nickel and iron properties remains encouraging, the near term commodity price outlook and structured option payment terms required make it difficult to support in the current market. Significant efforts have been undertaken to renegotiate more favourable terms, however it has been deemed appropriate to withdraw. These option agreements were structured such that there is no restriction on Verus withdrawing and no continuing liability.

Lee County Project

In November 2008, the Company announced it's intention to invest in the Lee County Project – a Texas onshore oil and gas opportunity. This investment is seen as a low entry cost option in an highly prospective field. Verus is continuing to pursue this with the intention to finalise the Operating Agreement between parties and consequently drill the first of the two well test program in the second half of the current financial year.

At the date of this report Verus was in the process of finalising the Operating Agreement. Some delay was experienced due to the sale by one participating party of its interest. Buccaneer Energy Limited announced to the market the sale of their 40% working interest to a highly successful development group who's intention is to commence drilling and test work as soon as possible.

Corporate costs

Focus continues on the reduction or elimination of administrative costs. Some of the key cost savings to date being;

- A direct result of the decision not to continue investment in the Brazilian resource projects
- A 30% reduction in Directors' fees from 1 January, 2009, with the intention to provide compensation to the Directors from a pool of 12 million share options subject to shareholder approval.

Verus remains focused on delivering value from prudent investment and the Directors are confident that during the course of calendar 2009 that the board will actively seek and assess new investment opportunities.

Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires our auditors, Deloitte to provide the directors of the company with an independence declaration in relation to the review of the half-year financial report. This independence declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2008.

The report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

Andrew McIlwain
Chairman
Melbourne, 27 February 2009

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Verus Investments Limited
45 Ventnor Avenue
West Perth WA 6005

27th February 2009

Dear Board Members

Verus Investments 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 Verus Investments Limited.

As lead audit partner for the review of the financial statements of Verus Investments Limited for the half year ended 31 December 2008, 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

DELOITTE TOUCHE TOHMATSU

L. Karamfiles
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the members of Verus Investments Limited

We have reviewed the accompanying half-year financial report of Verus Investments Limited which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 14.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 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 an Interim 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 Verus Investments Limited's financial position as at 31 December 2008 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 Verus Investments 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.

Deloitte.

Auditor's Independence Declaration

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 Verus Investments Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 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

L. Karamfiles
Partner
Chartered Accountants
Perth, 27th February 2009

	Note	Half-year ended 31 Dec 2008 $	Half-year ended 31 Dec 2007 $
Income			
Interest income received		43,316	65,730
Expenses			
Occupancy expenses		-	37,587
Corporate administration expenses		298,655	206,257
Brazilian investment administration and legal fees		103,279	-
Depreciation		59	9,689
Oil & Gas exploration investment settlement/write-down	2	34,429	5,411,242
Brazilian exploration investment write-down	2	715,968	-
Other expenses		-	6,920
		1,152,390	5,671,695
Loss before income tax expense		1,109,074	5,605,965
Income tax expense		-	-
Net loss for the period		1,109,074	5,605,965
Earnings per share from continuing operations:			
Basic loss per share		0.46 cent	2.35 cents
Diluted loss per share		0.46 cent	2.35 cents

Notes to the condensed financial statements are included on pages 11 to 13.

Condensed consolidated balance sheet
as at 31 December 2008

	Note	31 December 2008	30 June 2008
Current assets			
Cash and cash equivalents		845,225	1,796,823
Other receivables		15,394	91,079
Total current assets		860,619	1,887,902
Non-current assets			
Property, plant and equipment		1,591	365
Intangible assets		-	141,518
Total non-current assets		1,591	141,883
Total assets		862,210	2,029,784
Current liabilities			
Trade and other payables		114,396	169,167
Total current liabilities		114,396	169,167
Total liabilities		114,396	169,167
Net assets		747,814	1,860,617
Equity			
Issued capital	3	8,824,377	8,824,377
Reserves		301,028	304,757
Accumulated losses		(8,377,591)	(7,268,518)
Total equity		747,814	1,860,617

Notes to the condensed financial statements are included on pages 11 to 13.

	Note	Issued Capital	Reserves	Accumulated Loss	Total
		$	$	$	$
Balance at *1 July 2007*		8,824,377	5,850	(989,565)	7,840,662
Share options issued (net of costs)		-	270,178	-	270,178
Loss attributable to members of the parent entity (i)		-	-	(5,605,965)	(5,605,965)
Balance at *31 December 2007*		8,824,377	276,028	(6,595,530)	2,504,875
Balance at *1 July 2008*		8,824,377	304,757	(7,268,517)	1,860,617
Loss attributable to members of the parent entity (i)		-	-	(1,109,074)	(1,109,074)
Exchange differences arising on translation of foreign operations		-	(3,729)	-	(3,279)
Balance at *31 December 2008*		8,824,377	301,028	(8,377,592)	747,814

(i) The loss attributable to members of the Parent entity comprises the total recognised income and expense for the financial period.

Notes to the condensed financial statements are included on pages 11 to 13.

Condensed consolidated cash flow statement
for the half-year ended 31 December 2008

	Note	Half-year ended 31 Dec 2008	Half-year ended 31 Dec 2007
Cash flows from operating activities			
Proceeds on sale of investment securities		-	10,661
Interest received		61,001	56,699
Withholding tax (paid)/refunded		-	1,289
Deposit refunded		-	2,350
Payments to suppliers and employees		(310,301)	(259,019)
Payments for investment securities		-	-
Net cash used in operating activities		(249,300)	(188,020)
Cash flows from investing activities			
Payments for intangible mineral rights		(220,610)	-
Payments for deferred exploration expenditure		(357,570)	-
Payments for Oil & Gas exploration assets		(122,832)	(179,534)
Payment for property, plant & equipment		(1,286)	-
Net cash used in investing activities		(702,298)	(179,534)
Cash flows from financing activities			
Proceeds from issues of equity securities		-	318,392
Payment for share issue costs		-	(47,983)
Net cash provided by financing activities		-	270,409
Net decrease in cash and cash equivalents		(951,597)	(97,145)
Cash and cash equivalents at the beginning of the half-year		1,796,823	2,268,723
Cash and cash equivalents at the end of the half-year		845,225	2,171,578

Notes to the condensed financial statements are included on pages 11 to 13.

1. Summary of accounting policies

Statement of compliance

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with Interim Financial Reporting Standard IAS 34.
The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent financial report.

Basis of preparation

The half-year report has been prepared on an historical cost 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. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year report are consistent with those disclosed in the Company's 2008 annual financial report for the financial year ended 30 June 2008.

Going concern

The financial statements have been prepared on the basis that the Consolidated Entity will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. In arriving at this position, the directors have considered the following pertinent matters:

Potential Investments and Cost of those Investments

The Company has a potential 10% investment in separate Gas and Oil drilling opportunities.

If the consolidated entity decides to pursue this opportunity, the directors expect the entity's share of the costs of exploring the areas of interest will be covered by current cash resources.

If the costs ultimately exceed the directors current expectation there is potential that the entity would be required source additional funding from either debt or equity markets.

If these wells are successful the economic entity will need to raise additional funds to cover the costs of bringing the wells into production. The directors expect the successful wells will generate positive cash flows.

If these wells are unsuccessful the the directors believe the entity's current cash reserves would be sufficient to maintain basic operations for at least 12 months from the date of this report.

Exploration expenditure - the consolidated entity is expecting to reduce its exploration expenditure in Brazil to nil in the coming year.

Future Expenditure -the Consolidated entity has the flexibility of reducing its level of expenditure to minimal on-going administration expenses.

Net Assets - at the date of signing the financial statements the group net assets were $747,814 and the group has no external debt.

The directors believe that at the date of signing the financial report there are reasonable grounds to believe that, having regard to the matters set out above, the Consolidated Entity will have sufficient funds to meet its obligations as and when they fall due.

The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts, or to the amounts or classifications of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

2. Profit before income tax expense

	Note	Consolidated 31 December 2008 $'000
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Oil & Gas exploration investment settlement/write-down (i)		34,429
Brazilian exploration investment write-down		715,968

(i) The company finalised settlement with Drillmar Oil and Gas Inc on 16 December 2008 for final costs arising from the Operating Agreement and Participation Agreement , effective 1 November 2007 and concerning the St. Gabriel field.

3: Issued Capital

	Consolidated	
	31 December 2008 $	30 June 2008 $
(a) Ordinary shares		
Issued and fully paid	8,824,377	8,824,377
	No.	No.
Ordinary shares on issue	238,794,160	238,794,160
During the period there was no movements in ordinary shares on issue		
(b) Listed Options	No.	No.
Listed share options on issue	164,196,107	164,196,107

4. Segment information

Business segments

The Company operates predominantly in one industry being the identification and execution of investment opportunities, for any short, medium or long term purpose whether or not those opportunities relate to securities which are listed on a Securities Exchange.

Geographical segments
The following table presents the revenue and profit information regarding geographical segments for the half-year periods ended 31 December 2008. For the half-year ended 31 December 2007, all Revenue and loss reported in the financial statements has been generated in one geographical location being Australia.

	Australia	South America	Consolidated
	$		$
31 December 2008			
Segment revenue	43,316	-	43,316
Segment result			
Loss before related income tax expense	289,827	819,306	1,109,074
Income tax expense			-
Net loss attributable to members of the parent entity			1,109,074

5. Contingencies and commitments

At the time this report was prepared the Directors were not aware of any contingent liabilities or capital commitments of a material nature.

6. Subsequent events

On 11 February 2009, the Company issued 1 million unlisted options, with an expiry date of 1 March 2012 and exercisable at $0.015 per share, to staff under the Directors and Employees Option Plan.

No other matter or circumstance has arisen since the end of the half-year reporting period which has not been dealt with in the financial statements that has significantly affected or may significantly effect:

(i) the investments of the Group;
(ii) the results of those investments; or
(iii) the state of affairs of the Group.

Director's Declaration

The directors of the Company 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.

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

Signed in accordance of the resolution of the directors, and pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors:

Andrew McIlwain

Melbourne, 27 February 2009

Net tangible assets per security	Current period	Previous corresponding period
Net tangible assets per security	0.03 cents	1.05 cents

Details of entities over which control has been gained or lost during the period

Name of entity	Date of gain or loss of control	Contribution to reporting entity's profit
N/A		

Details of associates and joint venture entities

Name of entity	**Percentage of ownership interest held at end of period**		**Aggregate share of net profit (loss) contributed to the reporting entity**	
	Current period	Previous corresponding period	Current period $A	Previous corresponding period $A
N/A				
Total				