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Hannans Reward Limited

ABN 52 099 862 129

**Financial report for the half year ended
31 December 2008**

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Independent Non Executive Chairman

Richard Scallan

Managing Director

Damian Hicks

Non Executive Director

William Hicks

Terrence Grammer

Frank Cannavo

COMPANY SECRETARY

Ian Gregory

PRINCIPAL OFFICE

Ground Floor 28 Ord Street

West Perth WA 6005

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Facsimile: (08) 9324 3366

Web: www.hannansreward.com

REGISTERED OFFICE

Ground Floor 28 Ord Street

West Perth WA 6005

AUDITOR

Stantons International

First Floor, 1 Havelock Street

West Perth, WA, 6005

SHARE REGISTRY

Computershare Investor Services Pty Limited

Level 2, 45 St George's Terrace

Perth, WA, Australia, 6000

Telephone: 1300 557 010

STOCK EXCHANGE LISTING

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

Code: HNR

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DIRECTORS' REPORT

The Directors of Hannans Reward Limited submit herewith the financial report 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:

The names of the Directors of the Company who have held office during and since the end of the half year are:

Independent Non Executive Chairman

Mr Richard Scallan

Managing Director

Mr Damian Hicks

Non Executive Directors

Mr Frank Cannavo

Mr William Hicks

Mr Terrence Grammer

Dr Ernest Dechow (deceased)

Apart from Dr Ernest Dechow who passed away on 18th October 2008 all Directors held their position as a director throughout the entire financial interim period and up to the date of this report.

Principal activities

The principal activity of the Group during the interim period was exploration and evaluation of mineral interests.

Results

The net loss of the Group for the interim period after income tax expense was \$1,633,471(2007: \$1,653,824)

Review of operations

Other than exploration activities as detailed in the quarterly exploration reports released to the market, there have been no other significant operations by the Group during the six months to 31 December 2008.

Auditor's independence declaration

The auditor's independence declaration is included on page 5 and forms part of the Directors' report for the six months ended 31 December 2008.

Signed in accordance with a resolution of directors:

On behalf of the Directors



Damian Hicks

Managing Director

3 March 2009

Stantons International

ABN 41 103 088 697

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WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
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3 March 2009

Board of Directors
Hannans Reward Limited
Ground Floor, 28 Ord Street,
WEST PERTH WA 6005

Dear Sirs

RE: HANNANS REWARD 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 Hannans Reward Limited.

As Audit Director for the review of the financial statements of Hannans Reward Limited for the period 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

STANTONS INTERNATIONAL
(Authorised Audit Company)



JP Van Dieren
Director

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF HANNANS REWARD LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hannans Reward Limited, which comprises the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and cash flow statement for the half-year ended on that date, a condensed statement of accounting policies, other selected explanatory notes and the directors' declaration.

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 designing, implementing 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 Interim and Other Financial Reports 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 consolidated entity'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 Hannans Reward 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

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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

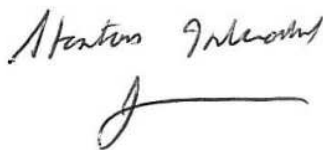
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Hannans Reward Limited on 3 March 2009.

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 Hannans Reward 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 Corporations Regulations 2001.

STANTONS INTERNATIONAL
(Authorised Audit Company)



JP Van Dieren
Director

West Perth, Western Australia
3 March 2009

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DIRECTORS' DECLARATION

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 Australian Accounting Standard AASB 134 *Interim Financial Reporting* and giving a true and fair view of the financial position and performance of the consolidated entity for the half year ended 31 December 2008.

This declaration is made in accordance with a resolution of Directors.

On behalf of the Directors



Damian Hicks
Managing Director

3 March 2009

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CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Consolidated	
	Half-year ended 31 Dec 2008 \$	Half-year ended 31 Dec 2007 \$
Revenue	71,603	124,960
Employee and contractors expense	(333,394)	(376,806)
Depreciation expense	(7,047)	(7,535)
Consultants expenses	(43,085)	(261,520)
Occupancy expenses	(56,727)	(31,624)
Marketing expenses	(11,185)	(37,123)
Exploration and evaluation expenditure	(1,138,971)	(865,071)
Other expenses	(114,665)	(199,105)
Loss before income tax expense	(1,633,471)	(1,653,824)
Income tax expense	-	-
Loss for the period	(1,633,471)	(1,653,824)
Loss per share:		
Basic (cents per share)	(1.90)	(2.06)

The condensed notes to the financial statements are included on pages 13 to 15.

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CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	Consolidated	
		31 Dec 2008 \$	30 June 2008 \$
Current assets			
Cash and cash equivalents		1,680,099	2,943,188
Trade and other receivables		18,392	82,942
Other financial assets		332,262	173,199
Total current assets		2,030,753	3,199,329
Non-current assets			
Trade and other receivables		75,694	52,329
Property, plant and equipment	8	34,836	31,504
Total non-current assets		110,530	83,833
Total assets		2,141,283	3,283,162
Current liabilities			
Trade and other payables		82,323	170,450
Provisions		19,430	14,570
Total current liabilities		101,753	185,020
Total liabilities		101,753	185,020
Net assets		2,039,530	3,098,142
Equity			
Issued capital		13,906,008	13,402,566
Reserves	9	961,359	889,942
Accumulated losses	9	(12,827,837)	(11,194,366)
Total equity		2,039,530	3,098,142

The condensed notes to the financial statements are included on pages 13 to 15.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2008

For the half year ended 31 December 2008	Attributable to equity holders			Total Equity \$
	Ordinary Shares \$	Reserves \$	Accumulated Losses \$	
At beginning of half year	13,402,566	889,942	(11,194,366)	3,098,142
Loss for the half year	-	-	(1,633,471)	(1,633,471)
Issue of shares	626,014	-	-	626,014
Cancellation of shares	(73,750)	-	-	(73,750)
Issue of options	-	71,417	-	71,417
Share issue expenses	(48,822)	-	-	(48,822)
At end of half year	13,906,008	961,359	(12,287,837)	2,039,530

For the half year ended 31 December 2007	Attributable to equity holders			Total Equity \$
	Ordinary Shares \$	Reserves \$	Accumulated Losses \$	
At beginning of half year	12,234,874	321,626	(8,059,429)	4,497,071
Loss for the half year	-	-	(1,653,824)	(1,653,824)
Issue of shares	73,750	-	-	73,750
Issue of options	-	193,138	-	193,138
Share application proceeds	600,000	-	-	600,000
Exchange differences on translation of foreign operations	-	661	-	661
At end of half year	12,908,624	515,425	(9,713,253)	3,710,796

The condensed notes to the financial statements are included on pages 13 to 15.

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Consolidated	
	Half-year ended 31 Dec 2008 \$	Half-year ended 31 Dec 2007 \$
Cash flows from operating activities		
Payments for exploration and evaluation	(1,138,971)	(865,071)
Payments to suppliers and employees	(599,140)	(719,451)
Interest received	67,272	123,837
Net cash used in operating activities	(1,670,839)	(1,460,685)
Cash flows from investing activities		
Payment for plant and equipment	(10,379)	(4,884)
Proceeds from sale of plant and equipment	-	10,000
Amounts advanced to outside entities	(159,063)	-
Net cash provided by / (used in) investing activities	(169,442)	5,116
Cash flows from financing activities		
Proceeds from the issue of equity securities	626,014	-
Proceeds from share applications	-	600,000
Payment for share issue costs	(48,822)	-
Net cash provided by financing activities	577,192	600,000
Net decrease in cash and cash equivalents	(1,263,089)	(855,569)
Cash and cash equivalents at the beginning of the half year	2,943,188	4,502,168
Cash and cash equivalents at the end of the half year	1,680,099	3,646,599
Cash and cash equivalents in the consolidated cash flow statement comprises:		
Cash and cash equivalents	1,680,099	3,646,599
	1,680,099	3,646,599

The condensed notes to the financial statements are included on pages 13 to 15.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

1. Reporting Entity

Hannans Reward Ltd is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group as at and for the year ended 30 June 2008 is available upon request from the Company's registered office at 28 Ord Street, West Perth, Western Australia, 6005 or at www.hannansreward.com.

2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company as at and for the year ended 30 June 2008.

The interim financial report was approved by the board of Directors on 27 February 2009.

3. Significant accounting policies

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report as at and for the year ended 30 June 2008. The Group has not elected to early adopt any new standards or amendments.

4. Basis of preparation

The report has been prepared on the going concern basis. The Directors are of the opinion that the going concern basis is appropriate as the Company expects to be in a position to meet its cash requirements for the next 12 months as a result of the following.

- i) During the period of the report a major drilling program was undertaken at the Jigalong Project which resulted in approximately one million dollars being paid to suppliers and contractors to perform the work. The Directors have not planned any further commitments of this scale for the coming 12 months unless further funds become available.
- ii) The budgeted forecast prepared for the next 12 months shows that there are sufficient cash resources to meet the Group's minimum exploration and administration requirements.

5. Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial report as at and for the year ended 30 June 2008.

6. Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the financial report as at and for the year ended 30 June 2008.

7. Segment reporting

The following is an analysis of the revenue and results for the period, analysed by geographical segment, Hannans Reward Limited's primary basis of segmentation. The group had two geographic segments, being Australia and Scandinavia.

Control of Scandinavia Shield Ltd, the ultimate holder of the Scandinavian assets, was relinquished on 11 June 2008 and as at that date the Hannans Group no longer has an interest in Scandinavia.

The Group now operates predominantly in the mineral exploration industry in Australia.

Segment revenue

	Revenue		Total	
	2008 \$	2007 \$	2008 \$	2007 \$
Australia	71,603	124,956	71,603	124,956
Scandinavia	-	4	-	4
Consolidated			71,603	124,960

Segment result

	2008 \$	2007 \$
Australia	(1,633,471)	(1,634,169)
Scandinavia	-	(19,655)
	(1,633,471)	(1,653,824)
Loss before income tax	(1,633,471)	(1,653,824)
Income tax	-	-
Loss for the period	(1,633,471)	(1,653,824)

Segment assets and liabilities

	Assets		Liabilities	
	31 Dec 2008 \$	30 June 2008 \$	31 Dec 2008 \$	30 June 2008 \$
Australia	2,141,283	3,283,162	101,753	185,020
Scandinavia	-	-	-	-
Consolidated	2,141,283	3,283,162	101,753	185,020

8. Property, plant and equipment

During the six months ended 31 December 2008 the Group acquired assets with a cost of \$10,379 (six months ended 31 December 2007: \$4,884).

9. Capital and Reserves

During the period the Company completed the following transactions in its securities:

Ordinary Shares

The Company issued 5,796,382 ordinary shares at 10.8 cents each to raise \$626,014 through a Share Purchase Plan and a Placement to sub-underwriters in October 2008.

In accordance with approval given by the shareholders at the Company's Annual General Meeting, 250,000 shares allocated to JLM Resources Ltd at 29.5 cents each were cancelled.

Options

The Company issued 250,000 unlisted Director options exercisable at 80 cents each on, or before 30 June 2011 with a fair value at grant date of 0.49 cents each.

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10. Related parties

Arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2008 annual financial report.

Key management personnel continue to receive compensation in the form of short term employee benefits, post employment benefits and share based payments.

11. Subsequent event

There has not been any matter or circumstance that has arisen since the end of the interim financial period that significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

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