

KTL Technologies Limited
ABN 75 009 089 981

Half-year report – 30 June 2009

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Corporate Information

ABN 75 009 089 981

This half-year report covers the consolidated entity comprising KTL Technologies Limited and its subsidiary (the Group). The Group's functional and presentation currency is AUD (\$).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Director's Report on page 4. The Director's Report is unaudited and does not form part of the financial report.

Directors

Dayong Hu (Chief Executive Officer and Chairman)
Qingquan Cheng (Non-executive director)
Haolin Li (Non-executive director)
Gang Xu (Non-executive director) (resigned on 31 July 2009)
Weiwen Cheng (Non-executive director)
Rachel Wong (Director and Company Secretary)
Lei Li (Alternate director to Weiwen Cheng)

Company Secretary

Rachel Wong

Principal & Registered office

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Share Register

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Telephone: +618 9323 2000
Facsimile: (08) 9323 2033
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Bankers

ANZ Banking Corporation Limited
77 St Georges Terrace
PERTH WA 6000

Auditors

PKF Chartered Accountants
& Business Advisers
Level 7, BGC Centre
28 The Esplanade
PERTH WA 6000
Website: www.pkf.com.au/wa

Directors' Report

The Directors submit their report on KTL Technologies Limited ("KTL" or "the Company") for the half-year ended 30 June 2009.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Dayong Hu (Chief Executive Officer and Chairman)	Weiwen Cheng (Non-Executive Director)
Qingquan Cheng (Non-Executive Director)	Haolin Li (Non-Executive Director)
Rachel Wong (Director and Company Secretary)	Lei Li (Alternative Director to Weiwen Cheng)
Gang Xu (Non-Executive Director)(resigned on 31 July 2009)	

REVIEW AND RESULTS OF OPERATIONS

Share Capital

There were no share capital movements during the period ended 30 June 2009.

On going operations - Mundong Well Uranium, Copper and Lead Project

During the six months ended 30 June 2009, the Company continued to maintain its 80% interest in the Exploration License Application 08/1609 Mundong Well Project.

The Company is planning on commencement of the drill programme and keep shareholders informed on key developments.

KTL will continue to seek out and add value to its mineral exploration portfolio by development and/or acquisition.

Ongoing operations - Cryolag

The Company continues to review its options in relation to the commercialisation of its Cryo-Lag asset.

The Company continues to maintain its Cryo-Lag patents and patent applications. In summary, the Company has now been granted a patent for Cryo-Lag in ten jurisdictions including Australia, USA and Europe. KTL awaits the award of a patent in one further jurisdiction.

Results

The Company's net loss after income tax for the half year was \$189,796 (2008 Loss:\$ 1,961,742).

Net loss after income tax includes share based payments of \$nil (2008:\$ 1,250,000).

Significant Change in State of Affairs

In May 2009, the Company signed a memorandum of understanding to enter into a strategic alliance and to negotiate further strategic cooperation with Hong Kong based Union Park Company Limited, member of the CRM Group, with the objective of the alliance acquiring major mineral projects. Initially, the alliance intends to focus on projects in Australia and pursue significant opportunities in iron ore and other minerals.

EVENTS OCCURRING AFTER BALANCE DATE

There has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under section 307C *Corporations Act 2001* is set out on page 23.

Signed in accordance with a resolution of the directors.



Mr Dayong Hu
31 August 2009

Income Statement
For the half year ended 30 June 2009

	Consolidated	Consolidated
	30 June 2009	30 June 2008
	\$	\$
Continuing Operations		
Audit fees	51,249	39,866
Consultants	39,222	133,692
Depreciation	3,143	2,347
Listing and share registry expenses	2,645	12,828
Other administrative expenses	29,365	85,844
Directors fees and consultancy payments	249,138	217,428
Share based payments expenses	-	1,250,000
Staff salaries and benefits	-	6,886
Travel expenses	1,422	2,837
Results from operating activities	(376,184)	(1,751,728)
Finance Income	186,388	25,255
Finance Expenses	-	-
Net finance income	186,388	25,255
Loss before income tax	(189,796)	(1,726,473)
Income tax expense	-	-
Loss from continuing operations	(189,796)	(1,726,473)
Discontinued operation		
Loss from discontinued operations, net of income tax	-	(398,203)
Loss for the period	(189,796)	(2,124,676)
Minority Interest		
	-	162,934
Loss attributable to members of the parent company	(189,796)	(1,961,742)
Earnings per share – continuing operations		
	2009	2008
	Cents	Cents
Basic earnings per share	(0.04)	(0.43)
Diluted earnings per share	(0.04)	(0.43)

**Balance Sheet
as at 30 June 2009**

	Consolidated 30 June 2009 \$	Consolidated 31 December 2008 \$
ASSETS		
Current Assets		
Cash and cash equivalents	132,224	535,914
Trade and other receivables	7,440	15,095
Other financial assets	1,379,593	1,546,110
Total current assets	<u>1,519,257</u>	<u>2,097,119</u>
Non-Current Assets		
Property, plant and equipment	33,114	34,640
Other financial assets	1,938,709	2,112,289
Evaluation and exploration expenditure	484,538	476,678
Intangible Assets	117,030	113,898
Total non-current assets	<u>2,573,391</u>	<u>2,737,505</u>
TOTAL ASSETS	<u>4,092,648</u>	<u>4,834,624</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	232,604	311,107
Total Current Liabilities	<u>232,604</u>	<u>311,107</u>
TOTAL LIABILITIES	<u>232,604</u>	<u>311,107</u>
NET ASSETS	<u>3,860,044</u>	<u>4,523,517</u>
EQUITY		
Issued capital	7,624,963	7,624,963
Option reserve	408,804	408,804
Foreign exchange translation reserve	543,806	1,017,483
Accumulated losses	(4,717,529)	(4,527,733)
Total Equity attributable to equity holders of the Company	<u>3,860,044</u>	<u>4,523,517</u>
TOTAL EQUITY	<u>3,860,044</u>	<u>4,523,517</u>

Cash Flow Statement	Consolidated	Consolidated
For the half year ended 30 June 2009	30 June	30 June
	2009	2008
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(466,902)	(1,572,179)
Receipt from customers	-	122,775
	(466,902)	(1,449,404)
Interest received	4,172	25,271
Net cash flows used in operating activities	(462,730)	(1,424,133)
Cash flows from investing activities		
Payments for research and development	(2,189)	(59)
Payment for property, plant and equipment	-	(31,352)
Payment for exploration and evaluation	(8,643)	(22,044)
Loan repaid by other entities	70,000	
Net cash flows from investing activities	59,168	(53,455)
Cash flows from financing activities		
Costs of issue of shares and options	-	(7,900)
Interest paid	-	(14,832)
Proceed from borrowings	-	250,382
Repayment of borrowings	-	(1,101,861)
Net cash flows from financing activities	-	(874,211)
Net increase in cash and cash equivalents	(403,562)	(2,351,799)
Cash and cash equivalents at the beginning of the period	535,914	2,864,818
Effect of exchange rate fluctuations on cash held	(128)	(82,936)
Cash and cash equivalents at the end of the period	132,224	430,083

Statement of Changes in Equity For the half year ended 30 June 2009

	Issued Capital	Accumulated Losses	Option Reserve	Translation Reserve	Minority Interest	Total
	\$	\$	\$	\$	\$	\$
At 1 January 2009	7,624,963	(4,527,733)	408,804	1,017,483	-	4,523,517
Loss for the period	-	(189,796)	-	-	-	(189,796)
Effect of exchange rate fluctuations	-	-	-	(473,677)	-	(473,677)
At 30 June 2009	<u>7,624,963</u>	<u>(4,717,529)</u>	<u>408,804</u>	<u>543,806</u>	<u>-</u>	<u>3,860,044</u>

	Issued Capital	Accumulated Losses	Option Reserve	Translation Reserve	Minority Interest	Total
	\$	\$	\$	\$	\$	\$
At 1 January 2008	6,330,213	(1,899,160)	427,654	171,975	327,079	5,357,761
Loss for the period	-	(1,961,742)	-	-	(162,934)	(2,124,676)
Share based payment	1,250,000	-	-	-	-	1,250,000
Cost of share capital	(7,900)	-	-	-	-	(7,900)
Effect of exchange rate fluctuations	-	-	-	35,626	-	35,626
At 30 June 2008	<u>7,572,313</u>	<u>(3,860,902)</u>	<u>427,654</u>	<u>207,601</u>	<u>164,145</u>	<u>4,510,811</u>

Notes to the Financial Statements for the Half-Year Ended 30 June 2009

NOTE 1: CORPORATE INFORMATION

The financial report of KTL Technologies Ltd (the Company) for the half year ended 30 June 2009 was authorised for issue in accordance with a resolution of directors on 31 August 2009. KTL Technologies Ltd is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are as described in the Directors' Report.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This half-year financial report does not include all 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.

This half-year financial report should be read in conjunction with the annual Financial Report of KTL Technologies Limited as at 31 December 2008.

It is also recommended that the half-year financial report be considered together with any public announcements made by KTL Technologies Limited and its controlled entity during the half year ended 30 June 2009 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 Interim Financial Reporting", and other mandatory professional reporting requirements. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting.

The half year financial report has been prepared on a historical cost basis, except for financial instruments which are measured at fair value where stated.

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

(b) Basis of consolidation

The half year consolidated financial statements comprise the financial statements of KTL Technologies Limited and its subsidiary as at 30 June 2009 (the Group).

The effects of all transactions between entities in the consolidated entity have been eliminated in full and the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Minority interest is that portion of the profits or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent.

(c) Going Concern

For the period ended 30 June 2009, the consolidated entity had incurred a net loss of \$189,796.

The financial report of KTL Technologies Limited has been prepared on a going concern basis, based on the following reasons:

- Following the in-specie distribution of KTL Technologies Hong Kong Ltd, Jilin Huisheng Strong Magnet Company Ltd and of Beijing Beililong Magnet Material Technology Co. Ltd, the Company has no external debts outstanding, except for trade creditors as detailed in Note 11.
- The Company's interest bearing loans to director-related entities will be repaid in 2009 and 2010 in accordance with the loan agreements. These interest bearing loans are secured by fixed and floating charges over the assets and undertakings of the director related entities. The directors have received confirmation that repayment will be made by September 2009 of RMB\$4,300,000 (approximately AUD\$565,000).
- The directors have confirmed that as a part of their cash monitoring, they will suspend cash payments of their director's fees, until such time the company has surplus cash reserves.
- The directors have reviewed the working capital requirements for the next 12 months from reporting date and believe that the Company has sufficient funds based on receipt of the RMB\$4,300,000 (approximately AUD\$565,000) to continue to operate;
- The Company is also considering equity raising for use as working capital.

Based on the cash flow forecast and the recoverability of the director related entities loans receivable, the directors of the company 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 the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(d) Significant accounting policies

The half year consolidated financial statements have been prepared using the same accounting policies as used and disclosed in the annual financial statements for the year ended 31 December 2008.

Certain Australian Accounting Standards and Australian Accounting Interpretations have recently been issued or amended but are not yet effective. These standards have not been adopted by the consolidated entity.

i) Investments in Subsidiaries

In the separate financial statements of KTL Technologies Limited investments in its subsidiary that are not classified as held for sale or included in a disposal group classified as held for sale are accounted for at cost.

ii) Income Taxes

Income taxes are accounted for using the comprehensive balance sheet liability method whereby:

- the tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;

- o a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- o deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

iii) Research and Development Expenditure

Research expenditure is recognised as an expense in the period in which incurred.

Intangible assets arising from development activities are recognised when resources are available to complete the assets and future economic benefits from use or sale of the assets is probable.

The directors have currently assessed the useful life of the intangible assets as indefinite.

iv) Share-based payment arrangements

Goods or services received or acquired in a share-based payment transaction are recognised as a increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted.

Transactions with employees and others providing similar service are measured by reference to the fair value at a grant date of the equity instrument granted.

v) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at

amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

vi) Financial assets and financial liabilities

Financial assets and financial liabilities are recognised on the balance sheet when the company becomes party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the entity. A financial liability is removed from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets and financial liabilities classified as held for trading are measured at fair value through profit or loss. Upon initial recognition a financial asset or financial liability is designated as at fair value through profit or loss when:

- (a) an entire contract containing one or more embedded derivatives is designated as a financial asset or financial liability at fair value through profit or loss.
- (b) doing so results in more relevant information, because either:
 - (i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising gains or losses on them on different bases.
 - (ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a

documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured are not designated as at fair value through profit or loss.

A gain or loss arising from a change in the fair value of a financial asset or financial liability classified as at fair value through profit or loss is recognised in profit or loss.

Financial assets not measured at fair value comprise:

- (a) loans and receivables being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are measured at amortised cost using the effective interest rate method.
- (b) held-to-maturity investments being non-derivative financial assets with fixed or determinable payments and fixed maturity that will be held to maturity. These are measured at amortised cost using the effective interest method.
- (c) investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. These are measured at cost together with derivatives that are linked to and must be settled by the delivery of such investments.

Available-for-sale financial assets are non-derivative financial assets which are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments or financial assets as at fair value through profit or loss.

A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognised directly in equity, through the statement of changes in equity (except for impairment losses and foreign exchange gains and losses) until the financial asset is derecognised at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

Regular way purchases of financial assets are accounted for as follows:

- financial assets held for trading - at trade date
- held-to-maturity investments - at trade date
- loans and receivables - at trade date
- available-for-sale financial assets - at trade date

Except for the following all financial liabilities are measured at amortised cost using the effective interest rate method.

- (a) financial liabilities at fair value through profit and loss and derivatives that are liabilities measured at fair value.
- (b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or are accounted for using the continuing involvement approach.

The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and maturity amount and minus any write-down for impairment or uncollectability.

NOTE 3 – SEGMENT INFORMATION**Business segments**

The consolidated entity's operations in 2009 are managed in Australia. The consolidated entity comprises of the following main business segments:

- Industrial insulation – the industrial insulation products industry and the commercialization of its Cryo-Lag assets;
- Exploration – the Company's subsidiary commenced exploring for minerals.

Geographical segments

The consolidated entities' offices are operated in Australia and China. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

Business segments

In AUD	Industrial Insulation		Exploration		Magnet Material* (Discontinued)		Unallocated		Eliminations		Consolidated		Less Magnet Material)* (Discontinued)		Continuing operations		
	Jun 2009	Jun 2008	Jun 2009	Jun 2008	Jun 2009	Jun 2008	Jun 2009	Jun 2008	Jun 2009	Jun 2008	Jun 2009	Jun 2008	Jun 2009	Jun 2008	Jun 2009	Jun 2008	
Business segments																	
Segment revenue	-	-	-	-	-	113,891	-	-	-	-	-	113,891	-	(113,981)	-	-	
Segment result	-	-	-	(1,191)	-	(374,867)	-	-	-	-	-	(376,058)	-	374,867	-	(1,191)	
Unallocated expenses												(189,796)	(1,748,618)	23,336	(189,796)	(1,725,282)	
Results from operating activities												(189,796)	(2,124,676)	-	398,203	(189,796)	(1,726,473)
Geographic segments	Australia		China								Consolidated						
	Jun 2009	Jun 2008	Jun 2009	Jun 2008							Jun 2009	Jun 2008					
Segment revenue	20,132	-	166,257	113,891							166,257	113,891					
Segment result	(232,633)	(1,661,085)	42,837	(463,591)							(189,796)	(2,124,676)					
Unallocated expenses											-	-					
Results from operating activities											(189,796)	(2,124,676)					

NOTE 4 DISCONTINUED OPERATIONS

On 24 December 2008 the Group disposed its entire Magnet Material segment (JHSM and BBMMT) and KTL Technologies Hong Kong Limited by in specie distribution. These companies were not discontinued operations or classified as held for sale as at 30 June 2008 and the comparative income statement has been re-presented to show the discontinued operation separately from continuing operations. Management committed to a plan to dispose these companies late in 2008 due to the strategic decision to solely focus on its mineral business,

	Consolidated 2009 \$	Consolidated 2008 \$
Results of discontinued operations		
Revenue	-	113,891
Expenses	-	(512,093)
Results from operating activities	-	(398,202)
Income tax	-	-
Results from operating activities, net of income tax	-	(398,202)
Gain on sale of discontinued operation	-	-
Income tax on gain on sale of discontinued operation	-	-
Profit (loss) for the period	-	(398,202)
Basic earnings (loss) per share (cents)	-	(0.09)
Diluted earnings (loss) per share (cents)	-	(0.09)

NOTE 5 INCOME TAXES

The major components of income tax expense for the half year ended 30 June 2009 and 2008 are:

Consolidated Income Statement	Consolidated 2009 \$	Consolidated 2008 \$
Current income tax expense	(56,939)	(465,746)
Benefit of tax loss not brought to account	56,939	465,746
Income tax expense	-	-

NOTE 6 CASH AND CASH EQUIVALENTS

For the purpose of the half year Cash Flow Statement, cash and cash equivalents are comprised of the following:

	2009 \$	2008 \$
Cash at bank and in hand	82,224	80,083
Cash on short-term deposit	50,000	350,000
	132,224	430,083

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the period ended 30 June 2009, equipment of \$nil was purchased (2008: \$nil).

There were no asset disposals during the period ended 30 June 2009 (2008: \$nil).

NOTE 8 – INTANGIBLE ASSETS

	Consolidated 30 June 2009	Consolidated 31 December 2008
	\$	\$
Cryo-Lag	117,030	113,898
	117,030	113,898

NOTE 9 – TRADE AND OTHER RECEIVABLES

	Consolidated 30 June 2009	Consolidated 31 December 2008
	\$	\$
Trade receivables	-	-
Other receivables	7,440	15,095
	7,440	15,095

NOTE 10 – OTHER FINANCIAL ASSETS

	Consolidated 30 June 2009	Consolidated 31 December 2008
	\$	\$
CURRENT		
Tax account	4,266	3,585
Prepayments	19,367	4,855
Deposits	10,236	10,236
Interest bearing loans*	780,612	908,284
Other current assets	565,112	619,150
	1,379,593	1,546,110
NON-CURRENT		
Interest bearing loans*	1,938,709	2,112,289
	1,938,709	2,112,289

* secured on fixed and floating charge on the assets and undertakings of the companies.

NOTE 11 – TRADE AND OTHER PAYABLES

	Consolidated 30 June 2009	Consolidated 31 December 2008
	\$	\$
Trade accounts payable	47,935	36,094
Director fees payables	184,669	275,013
	232,604	311,107

The carrying amounts of trade and other payables approximate their fair values.

NOTE 12 - SUBSIDIARY

Significant investments in subsidiaries – parent entity	Country of incorporation Residence	Proportion of ownership interest	
		Jun 2009	Dec 2008
KTL Uranium Limited	Australia	100%	100%
Jilin Australia Energy Technology Company Limited	PRC	100%	100%

NOTE 13 - COMMITMENTS AND CONTINGENCIES

	Consolidated 30 June 2009 \$	Consolidated 31 Dec 2008 \$
Joint venture commitments		
<i>Expenditure commitments of the group to the joint venture operation:</i>		
Within one year	54,000	54,000
	54,000	54,000
Employee compensation commitments		
<i>Commitments under non-cancellable employment contracts not provided for in the financial statements and payable:</i>		
Within one year	218,000	218,000
One year or later and no later than five years	327,000	436,000
	545,000	654,000

The Company (or its nominee) has a commitment to expend \$54,000 per annum on its Mundong Well Project E08/1609 which was granted on 7 February 2007. The Company has met its first and second year commitments.

The 2008 expenditure commitment has not been met as the Company placed its focus on company restructuring during the 2008 financial year and delayed the planned drill programme to explore the channel mineralisation of the Zone 4 prospect further evaluate the mineralisation at Walkers Prospect. An application for exemption has been lodged with the Department of Mines and Energy. The Company is planning the drill programme.

Apart from as listed above, the Company currently does not have commitments for expenditure. Since the last annual reporting date, there has been no material change of any contingent asset or contingent liability, listed as nil.

NOTE 14 - CONTRIBUTED EQUITY

	30 June 2009	31 December 2008
	\$	\$
Ordinary shares (i)	7,624,963	7,624,963
	<u>7,624,963</u>	<u>7,624,963</u>

(i) Ordinary shares

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

Movements in ordinary shares on issue

	Number	\$
At 1 January 2008	386,828,228	6,330,213
Issued on 7 May 2008	50,000,000	1,250,000
Issued on 20 November 2008	3,500,000	53,850
Transaction costs on share issues	-	(9,100)
At 31 December 2008	440,328,228	7,624,963
At 30 June 2009	440,328,228	7,624,963

NOTE 15 - EVENTS AFTER BALANCE SHEET DATE

There has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Directors' Declaration

In accordance with a resolution of the directors of KTL Technologies Limited, I state that:

In the opinion of directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

- (i) give a true and fair view of the financial position as at 30 June 2009 and the performance for the half-year ended on that date of the consolidated entity; and
- (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) 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 Board



Mr Dayong Hu
Managing Director

31 August 2009



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF KTL TECHNOLOGIES LIMITED AND ITS CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of KTL Technologies Limited and its controlled entities, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 30 June 2009 or from time to time during the half year ended on that date.

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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2009 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 KTL Technologies 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.

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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 KTL Technologies 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 30 June 2009 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.



PKF
Chartered Accountants



Conley Manifis
Partner

Dated at Perth, Western Australia this 31st day of August 2009.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of KTL Technologies Limited for the half year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of KTL Technologies Limited and the entities it controlled during the period.



PKF
Chartered Accountants



Conley Manifis
Partner

Dated at Perth, Western Australia this 31st day of August 2009.

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