

Soil Sub Technologies Limited

ABN 39 078 388 155

Annual Report

For the year ended 30 June 2012

Soil Sub Technologies Limited

ABN 39 078 388 155

Annual Report 2012

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Directors' Report

The directors of Soil Sub Technologies Limited present their report, together with the financial statements of the company for the financial year ended 30 June 2012.

The names of the directors in office at any time during or since the end of the year are:-

NAME OF PERSON	POSITION	DATE APPOINTED	DATE RESIGNED
Guy T. Le Page	Director	22 December 2009	-
Simon Mitchell	Director	22 December 2009	-
Keong Chan	Director	22 December 2009	-
Keong Chan	Company Secretary	8 February 2010	-

Information on directors

Information on Directors as at the date of this report is as follows:

Mr. Guy T. Le Page – Executive Chairman

Mr. T. Le Page B.A, B.Sc., B.App.Sc. (Hons), MBA, G. Dip App Fin, FFin, MAusIMM is a director of RM Corporate Finance a corporate finance and advisory company.

He is also actively involved in a range of corporate initiatives from mergers and acquisitions, initial public offerings to valuations, consulting, expert witness and corporate advisory roles. Mr. T. Le Page was a Corporate Adviser at ASX listed Stockbroker Tolhurst Noall from 1998 before joining RM Capital in 2002. Prior to his tenure at Tolhurst Noall, Mr. T. Le Page was Head of Research at Morgan Stockbroking Limited (Perth). As Head of Research, Mr. Le Page was responsible for the supervision of all Industrial and Resources Research.

As a Resources Analyst, Mr. T. Le Page published detailed research on various mineral exploration and mining companies listed on the ASX. The majority of this research involved valuations of both exploration and production assets.

Prior to entering the stockbroking industry, he spent 10 years as an exploration and mining geologist in Australia, Canada and the United States.

His experience spans gold and base metal exploration and mining geology, and he has acted as a consultant to private and public companies. This professional experience included the production of both technical and valuation reports for resource companies.

Mr. T. Le Page holds a Bachelor of Arts, Bachelor of Science and Master of Business Administration from the University of Adelaide, a Bachelor of Applied Science (Hons) from Curtin University of Technology and a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia. He is also a fellow of FINSIA and Member of the Australasian Institute of Mining and Metallurgy.

Mr. T. Le Page owns 18,250,000 shares in Soil Sub Technologies as at the date of this report.

Mr. Simon Mitchell – Non Executive Director

Mr. Mitchell, B.Sc. (Hons), G. Dip App Fin, FFin, MAusIMM is a Geologist and Financial Analyst with over 20 years experience in the resources industry, including 10 years in the field as a development geologist and 6 years as an analyst and structured finance executive in an investment banking environment. Mr. Mitchell has been heading Toro Energy's Business Development Activities since late 2006.

Mr. Mitchell commenced his geological career in the Northern Territory as a geological assistant in uranium and diamond exploration for Idemitsu Minerals and Stockdale Prospecting respectively. After graduating from the University of Adelaide in 1991, he then commenced a role with North Flinders Mines (subsequently Normandy NFM) as a Contract Geologist in

Directors' Report

regional exploration in various districts throughout the Northern Territory. During his period with Normandy NFM, Mr. Mitchell worked on the Callie gold mine in the early definition and development period.

For the next four years to the end of 1999, Mr. Mitchell enjoyed geological roles with Aurora Gold on the Toka Tindung Project in Indonesia, and RGC Exploration, working on the Hidden Valley Project in Papua New Guinea, along with grassroots exploration projects in Bolivia and project assessment roles in Peru and Chile.

Mr. Mitchell undertook a Graduate Diploma in Applied Finance and Investment from 1998-2002 and followed a mining finance career path with the Commonwealth Bank of Australia. During his time at the bank, Mr. Mitchell worked in diverse roles such as a finance analyst in the Metals & Mining area of Business Development through to his last role as Solutions Executive (Associate Director) in the Natural Resources Group within Corporate Finance.

Mr. Mitchell owns nil shares in Soil Sub Technologies as at the date of this report.

Mr. Keong Chan – Non Executive Director & Company Secretary

Mr. Chan, spent a number of years with PricewaterhouseCoopers and Deloitte in Sydney, Canberra and Perth, where he was national manager for Deloitte's Australian international trade practice. This position involved the coordination of teams across Australia to perform due diligence activities on private equity transactions, analysis of establishing operations in Australia, cost minimisation programs and other restructuring activities.

In the corporate finance sector, Mr. Chan has provided strategic advice to a number of companies on corporate matters in relation to; IPOs, back door listings, mergers and acquisitions, takeovers/divestments and acted as advisor to a number of ASX listed boards as well as acting as a representative for overseas funds/investment banks and mining conglomerates.

Mr. Chan is currently a Director of Charterhouse Capital and holds a Bachelor of Commerce and a Masters of International Trade Law.

Mr. Chan owns 2,000,000 shares in Soil Sub Technologies as at the date of this report.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Mr. Guy T. Le Page	Tasman Resources NL	2 June 2001 – current
	Eden Energy Limited	3 February 2006 – current
	Palace Resources Ltd	7 August 2009 – current
	Red Sky Energy Limited	18 February 2009 – current
	Fission Energy Limited	15 May 2009 – current
	3D Resources Limited	2 December 2008 – 25 February 2009
Mr. Simon Mitchell	No other directorships	-
Mr. Keong Chan	AAQ Holdings Limited	8 October 2010 – current
	Acuvax Limited	19 November 2010 - current

Directors' Report

Directors' meetings

During the financial year, one meeting of directors (including committees of directors) was held. Attendances by each director during the year were as follows:

	Directors Meetings	
	Number Eligible to Attend	Number Attended
Guy T. Le Page	1	1
Simon Mitchell	1	1
Keong Chan	1	1

Company Secretary

The Company Secretary in office for the company at any time during or since the end of the year is:

Mr. Keong Chan

Appointed on 8 February 2010.

The Company Secretary has been in office since the start of the financial year to the date of this report unless otherwise stated. For information on Mr. Chan please refer to page 2 of the directors report.

Principal Activities and Significant Changes in Nature of Activities

The Company has been actively assessing the Nutrimix and soil substitute technologies as its principal activity.

Operating Results

The loss for the financial year after providing for income tax amounted to \$424,437 (2011: \$777,778 loss).

Review of Operations

The Company's consultants have been trialling raw inputs to ascertain the composting time frame required to produce soil supplements, potting mixes and potentially a low cost organic fertiliser as part of the newly developed range of Nutrimix products.

Some 24 treatments have been established using the organic waste material from several agricultural industries and based on analysis of nutrients, combinations of these wastes form the basis of the materials tested during the trials.

The initial visual changes observed by the testing team appear to be very encouraging as the compost treatments are rolled over to accelerate the breakdown of raw material into a finer component.

The waste materials chosen for these trials are those that are readily available adjacent to all major rural centres around Australia to enable any future manufacturing facility to be established close to source supply thereby minimising freight. This selective and simple approach to logistics will enhance the potential future manufacturing and sale of Nutrimix products and improve the potential franchising/ licensing opportunities in these centres.

During the trials special additives are also being used to augment some treatments to ascertain the changes in nutrient values when developing a product to meet the needs of different soil types.

The Company is also assessing the application of IEM (waste to clean food) waste technologies using alternative sub strait material for Nutrimix and will inform the market further as this progresses.

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year.

Directors' Report

Financial Position

With regards to the financial position of the company, the net assets of the company have decreased from \$908,860 to \$801,168.

Future Developments

The Company will continue to trial and assess the raw inputs towards the development of marketable soil substitute/supplement products.

Environmental Issues

The directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the company for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

Options

No options to shares in the Company have been granted during the financial year and there were no options outstanding at the end of the financial year.

Indemnifying officers or auditor

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the company to pay all damages and costs which may be awarded against the Directors.
- The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a willful breach of duty in relation to the Company. The amount of the premium was \$8,714.
- No indemnity has been paid to auditors.

Proceedings On Behalf Of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Remuneration Report - Audited

This report details the nature and amount of the remuneration for each key management person of Soil Sub Technologies Limited and for the executives receiving the highest remuneration for 30 June 2012.

Remuneration policy

The remuneration policy, which sets the terms and conditions for the key management personnel, was developed by the board of directors after seeking professional advice from independent consultants and was approved by the board. All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The board of directors reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The performance of executives is measured against criteria agreed half yearly which is based on the forecast growth of the company's profits and shareholders value. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

Directors' Report

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. This will be achieved via offering performance incentives based on key performance indicators.

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the company, and to the extent different, among the company executives receiving the highest remuneration. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

	Position held as at 30 June 2012 and any change during the year	Contract details (duration and termination)	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
			Non-salary cash-based incentives	Shares/ Units	Options/ Rights	Fixed Salary/ Fees	Total
			%	%	%	%	%
Key Management Personnel							
Mr. Guy T. Le Page	Director	3 year contract from 1 April 2010. 3 months notice to terminate.	-	-	-	100	100
Mr. Keong Chan	Director	3 year contract from 1 April 2010. 3 months notice to terminate.	-	-	-	100	100

Details of remuneration for the year ended 30 June 2012

Key Management Personnel	Cash, salary & fees	Short-term Cash profit share	Benefits Non-cash benefit	Other *	Post-employment Benefits Super-annuation	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
							Equity	Options			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Guy T. Le Page	96,000	-	-	109,800	-	-	-	-	205,800	-	-
Simon Mitchell	36,000	-	-	-	-	-	-	-	36,000	-	-
Keong Chan	60,000	-	-	-	-	-	-	-	60,000	-	-
	192,000	-	-	109,800	-	-	-	-	301,800	-	-

* Payments to Sabre Power Management, a company which Mr. T. Le Page is a director, was for the company's corporate overhead and associated running costs.

Directors' Report

Details of remuneration for the year ended 30 June 2011

2011

Key Management Personnel	Short-term Benefits				Post-employment Benefits Super-annuation	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Cash, salary & fees	Cash profit share	Non-cash benefit	Other *			Equity	Options			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Guy T. Le Page	56,000	-	-	109,800	-	-	-	-	165,800	-	-
Simon Mitchell	36,000	-	-	-	-	-	-	-	36,000	-	-
Keong Chan	42,000	-	-	-	-	-	-	-	42,000	-	-
	134,000	-	-	109,800	-	-	-	-	243,800	-	-

* Payments to Sabre Power Management, a company which Mr. T. Le Page is a director, was for the company's corporate overhead and associated running costs.

End of Remuneration Report.

Options and rights granted

There have been no options or rights granted to directors for the year ending 30 June 2012.

Subsequent Events

The Directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which 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.

Non-audit Services

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor's Independence Declaration

The lead auditor's independence declaration, as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2012 has been received and can be found directly following the director's report.

This Report of the Directors, incorporating the Remuneration Report is signed in accordance with a resolution of the Board of Directors.



GUY T. LE PAGE

Director

DATED at PERTH this 31st day of August 2012

To The Board of Directors

Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

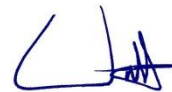
As lead audit director for the audit of the financial statements of Soil Sub Technologies Limited for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



BENTLEYS
Chartered Accountants



CHRIS WATTS CA
Director

DATED at PERTH this 31st day of August 2012

Statement of Comprehensive Income

for the year ended 30 June 2012

		2012	2011
	Note	\$	\$
Revenue	2	16,751	31,236
Other income	2	-	1,538
Finance costs	3	-	-
Depreciation and amortisation expense	3	(25,294)	(25,000)
Employee benefits expense		-	-
Directors Fees		(192,000)	(134,000)
Accounting and administration		(22,438)	(28,950)
Consulting and contracting cost		(109,800)	(283,633)
Travel and accommodation		(10,876)	(23,418)
Compliance and regulatory		(50,223)	(36,479)
Other expenses from ordinary activities		(30,557)	(279,342)
Profit/ (Loss) before income tax expense		(424,437)	(777,778)
Income tax expense	4	-	-
Net profit/ (loss) for the year		(424,437)	(777,778)
Other comprehensive income		-	-
Total comprehensive income		(424,437)	(777,778)
Earnings per share			
Basic and diluted earnings / (loss) per share	14	(0.001)	(0.002)

The accompanying notes form part of these financial accounts

Statement of Financial Position

as at 30 June 2012

	Note	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	7	204,132	783,303
Trade and other receivables	8	18,026	31,450
TOTAL CURRENT ASSETS		222,158	814,753
NON CURRENT ASSETS			
Intangible assets	9	632,906	225,000
Plant and Equipment	10	1,383	-
TOTAL NON CURRENT ASSETS		634,289	225,000
TOTAL ASSETS		856,447	1,039,753
CURRENT LIABILITIES			
Trade and other payables	11	25,000	112,646
Short-term provisions	13	30,279	18,247
TOTAL CURRENT LIABILITIES		55,279	130,893
TOTAL LIABILITIES		55,279	130,893
NET ASSETS		801,168	908,860
EQUITY			
Issued capital	15	2,478,864	2,162,119
Accumulated losses		(1,677,696)	(1,253,259)
TOTAL EQUITY		801,168	908,860

The accompanying notes form part of these financial accounts

Statement of Changes in Equity

for the year ended 30 June 2012

	Issued Capital \$	Accumulated Losses \$	Total \$
Company			
BALANCE AT 1 JULY 2010	2,162,119	(475,481)	1,686,638
Loss for the year	-	(777,778)	(777,778)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(777,778)	(777,778)
Transactions with owners, directly in equity			
Other transactions	-	-	-
BALANCE AT 30 JUNE 2011	2,162,119	(1,253,259)	908,860
Company			
BALANCE AT 1 JULY 2011	2,162,119	(1,253,259)	908,860
Loss for the year	-	(424,437)	(424,437)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(424,437)	(424,437)
Transactions with owners, directly in equity			
Issue of share capital	337,500	-	337,500
Capital raising costs	(20,755)	-	(20,755)
BALANCE AT 30 JUNE 2012	2,478,864	(1,677,696)	801,168

The accompanying notes form part of these financial accounts

Statement of Cash Flows

for the year ended 30 June 2012

	2012	2011
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(479,760)	(705,241)
Interest received	16,751	31,236
Net Cash Used In Operating Activities	19(b) <u>(463,009)</u>	<u>(674,005)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for intangible assets	(432,906)	-
Net Cash Used In Investing Activities	<u>(432,906)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	337,500	-
Proceeds from oversubscriptions	-	10,000
Payment of share issue costs	(20,756)	-
Net Cash Provided By Financing Activities	<u>316,744</u>	<u>10,000</u>
Net increase/(decrease) in cash held	(579,171)	(664,005)
Cash and Cash Equivalents at beginning of financial year	783,303	1,447,308
Cash and Cash Equivalents at end of financial year	19(a) <u>204,132</u>	<u>783,303</u>

The accompanying notes form part of these financial accounts

Notes to the Financial Statements

for the year ended 30 June 2012,

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretation, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the Company of Soil Sub Technologies Limited and has been prepared in Australian dollars. Soil Sub Technologies Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial 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.

GOING CONCERN

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss from ordinary activities of \$424,437 for the year ended 30 June 2012 (2010: \$777,778 loss).

The ability of the Company to continue to pay its debts as and when they fall due is dependent upon successfully raising sufficient working capital, the successful commercialisation of the soil substitute product, and the continued support of its Board.

Management is currently in the process of raising working capital, however as at the date of this report, these negotiations remain on going, and the ultimate outcome of these negotiations remains uncertain.

Should the Company not be successful in its above initiatives, it may be necessary to sell some of its assets, and reduce expenditure by various methods. Although the Directors believe that they will be successful in these measures, if they are not, the Company may be unable to continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

As a result of these matters, a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business, as described above. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

a. Comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

b. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost of fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in the profit and loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

d. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

e. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Amortised cost is calculated as:

- a) the amount at which the financial asset or financial liability is measured at initial recognition;
- b) less principal repayments;
- c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial assets at fair value through profit and loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets). If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets).

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. Impairment of Assets

At each the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

g. Intangibles

Patents and Licences

Patents and licences are recognised at cost of acquisition. Patents and licences have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and licences are amortised over their useful life ranging from 12 to 20 years.

Intangible assets are tested for impairment where an indicator of impairment exists and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

A summary of the policies applied to the Company's intangible assets is as follows:

Patents and trademarks	
Useful lives	12 – 20 years
Method used	Amortised over the term of the patent and revalued to fair value where deemed appropriate
Internally generated /Acquired	Acquired
Impairment test / Recoverable amount Testing	Annually and where an indicator of impairment exists

Research and development

Research costs are expenses in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and talent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

h. Employee Benefits

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have also been measured at their nominal amount.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

i. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

j. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

k. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

l. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

m. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n. Critical Accounting Estimates and Judgments

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

Key Judgment – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Key Estimate – Intangibles

Licences and Patents

The Company has recorded intangible assets related to Licences and Patents with a carrying value of \$200,000 which relates to the Company's Nutrimix products which can be used as a soil substitute. The reasonableness of the carrying value of intangibles is intrinsically linked to the continued operation of the Company into the future and primarily dependent on the economic benefits associated with these assets being realised. Should the Company be able to successfully commercialise this product and derive a sufficient level of income, then the carrying value of the asset may be supported.

Development

The Company has recorded intangible assets related to Capitalised Development with a carrying value of \$432,906. Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the project.

The financial report was authorised for issue on the 30th of August 2012 by the board of directors.

Notes to the Financial Statements

for the year ended 30 June 2012

	2012	2011
	\$	\$
NOTE 2. REVENUE		
Other Revenue		
– Interest Received	16,751	31,236
Total Revenue	<u>16,751</u>	<u>31,236</u>
Other Income		
– Additional refund received from Australian Taxation Office	-	1,538
Total Other Income	<u>-</u>	<u>1,538</u>
NOTE 3. LOSS BEFORE INCOME TAX		
The operating profit before income tax has been determined after:		
Finance costs		
– External	-	-
Total Finance Costs	<u>-</u>	<u>-</u>
Amortisation/Depreciation of Non Current Assets		
– Patents	25,000	25,000
– Plant & Equipment	294	
Total Amortisation/Depreciation of Non Current Assets	<u>25,294</u>	<u>25,000</u>
NOTE 4. INCOME TAX EXPENSE		
(a) The components of tax expense comprise:		
Current	-	-
Deferred	-	-
	<u>-</u>	<u>-</u>
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2011: 30%)	(127,331)	(233,333)
Add:		
Tax effect of expenses that are not deductible in determining taxable profit		-
Less:		
Tax effect of expenses that are deductible in determining taxable profit but excluded from accounting profit	-	-
Tax effect of debt forgiveness	-	-
Deferred tax assets not brought to account	127,331	233,333
	<u>-</u>	<u>-</u>
Weighted average effective tax rate	Nil%	Nil%

Notes to the Financial Statements

for the year ended 30 June 2012

2012
\$ 2011
\$

NOTE 5. AUDITORS' REMUNERATION

Remuneration of the parent entity auditors for:

– Auditing or reviewing the financial report	34,825	19,650
	34,825	19,650

NOTE 6. KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Company's key management personnel for the period ended 30 June 2012.

a) Remuneration of Key Management Personnel

The totals of remuneration paid to KMP of the company and the Company during the year are as follows:

	2012	2011
	\$	
Short-term employee benefits	192,000	134,00
	192,000	134,00

The compensation of each member of the key management personnel of the Group for the current year is set out below:

Details of remuneration for the year ended 30 June 2012

2012

Key Management Personnel	Cash, salary & fees \$	Short-term Benefits Cash profit share \$	Benefits Non-cash benefit \$	Other * \$	Post-employment Benefits Super-annuation \$	Other Long-term Benefits Other \$	Share based Payment		Total \$	Total Remuneration Represented by Options %	Performance Related %
							Equity \$	Options \$			
Guy T. Le Page	96,000	-	-	109,800	-	-	-	-	205,800	-	-
Simon Mitchell	36,000	-	-	-	-	-	-	-	36,000	-	-
Keong Chan	60,000	-	-	-	-	-	-	-	60,000	-	-
	192,000	-	-	109,800	-	-	-	-	301,800	-	-

* Payments to Sabre Power Management, a company which Mr. T. Le Page is a director, was for the company's corporate overhead and associated running costs.

The compensation of each member of the key management personnel of the Group for the prior year is set out below:

Details of remuneration for the year ended 30 June 2011

2011

Key Management Personnel	Cash, salary & fees \$	Short-term Benefits Cash profit share \$	Benefits Non-cash benefit \$	Other * \$	Post-employment Benefits Super-annuation \$	Other Long-term Benefits Other \$	Share based Payment		Total \$	Total Remuneration Represented by Options %	Performance Related %
							Equity \$	Options \$			
Guy T. Le Page	56,000	-	-	109,800	-	-	-	-	165,800	-	-
Simon Mitchell	36,000	-	-	-	-	-	-	-	36,000	-	-
Keong Chan	42,000	-	-	-	-	-	-	-	42,000	-	-
	134,000	-	-	109,800	-	-	-	-	243,800	-	-

* Payments to Sabre Power Management, a company which Mr. T. Le Page is a director, was for the company's corporate overhead and associated running costs.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 6. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Number of Shares Held by Key Management Personnel – 30 June 2012

Key Management Person	Balance at beginning of year	Granted as remuneration during year	Issued on exercise of options during year	Other changes during the year	Balance at end of year
Guy T. Le Page	21,310,645	-	-	-	21,310,645
Simon Mitchell	-	-	-	-	-
Keong Chan	2,000,000	-	-	-	2,000,000
	<u>23,310,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,310,645</u>

(b) Number of Shares Held by Key Management Personnel – 30 June 2011

Key Management Person	Balance at beginning of year	Granted as remuneration during year	Issued on exercise of options during year	Other changes during the year	Balance at end of year
Guy T. Le Page	21,310,645	-	-	-	21,310,645
Simon Mitchell	-	-	-	-	-
Keong Chan	2,000,000	-	-	-	2,000,000
	<u>23,310,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,310,645</u>

(c) Number of Options Held by Key Management Personnel

There are no options held over ordinary shares held by KMP during the financial year ended 2012 and 2011.

NOTE 7. CASH AND CASH EQUIVALENTS

	2012	2011
	\$	\$
Cash at bank	204,132	783,303

NOTE 8. TRADE AND OTHER RECEIVABLES

CURRENT

Other debtors	18,026	31,450
	<u>18,026</u>	<u>31,450</u>

NOTE 9. INTANGIBLE ASSETS

	Note	Capitalised Development	Patents & Licences	Total
		\$	\$	\$
Reporting period ended 30 June 2011:				
At 1 July 2010 net of accumulated amortisation		-	250,000	250,000
Additions		-	-	-
Amortisation	3	-	(25,000)	(25,000)
At 30 June 2011 net accumulated amortisation		-	225,000	225,000

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 9. INTANGIBLE ASSETS

	Note	Capitalised Development \$	Patents & Licences \$	Total \$
Reporting period ended 30 June 2012:				
At 1 July 2011 net of accumulated amortisation		-	225,000	225,000
Additions		432,906		432,906
Amortisation	3	-	(25,000)	(25,000)
At 30 June 2012 net accumulated amortisation		432,906	200,000	632,906

Impairment Disclosures

The Company has recorded intangible assets related to Licences and Patents with a carrying value of \$200,000 which relates to the Company's Nutrimix products which can be used as a soil substitute. The Company has recorded capitalised development cost with a carrying value of \$432,906 which relates to the Company's Nutrimix products which can be used as a soil substitute. The reasonableness of the carrying value of intangibles is intrinsically linked to the continued operation of the Company into the future and primarily dependent on the economic benefits associated with these assets being realised. Should the Company be able to successfully commercialise this product and derive a sufficient level of income, then the carrying value of the asset may be supported.

2012	2011
\$	\$

NOTE 10. PLANT AND EQUIPMENT

Plant and equipment

At cost

Accumulated depreciation

1,677	-
(294)	-
<u>1,383</u>	<u>-</u>

a. Movements in Carrying amounts

Movement in the carrying amounts for plant and equipment between the beginning and the end of the current financial year.

	Plant & Equipment \$	Total \$
Balance as at 1 July 2011		
Additions	1,677	1,677
Depreciation expense	(294)	(294)
Balance as at 30 June 2012	<u>1,383</u>	<u>1,383</u>

2012	2011
\$	\$

NOTE 11. TRADE AND OTHER PAYABLES

CURRENT

Unsecured Liabilities:

Trade Payables

Sundry creditors and accrued expense

Amounts payable to:

Director related entities

-	89,296
25,000	23,350
-	-
<u>25,000</u>	<u>112,646</u>

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 12. TAX	2012	2011
	\$	\$
(a) Liabilities		
CURRENT		
Income tax	-	-
NON-CURRENT		
Deferred tax liability comprises:		
Opening Balance	-	-
Other	-	-
Reversal / set-off of deferred tax liability	-	-
Total	-	-
(b) Assets		
NON-CURRENT		
Deferred tax assets comprises:		
Carried forward losses	440,509	-
Other	6,000	-
Deferred tax assets not brought to account	(446,509)	-
Total	-	-
i. Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	1,468,363	987,621

Potential deferred tax assets attributable to tax losses carried forward have not been brought to account at 30 June 2012 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- i. the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- ii. the company continues to comply with conditions for deductibility imposed by law; and
- iii. no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss.

NOTE 13. PROVISIONS

CURRENT

Employee Entitlements	30,279	18,247
	30,279	18,247

NOTE 14. EARNINGS PER SHARE

Earnings used in calculating basic earnings/(loss) per share	(424,437)	(777,778)
	No.	No.
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	422,837,545	367,912,887

Notes to the Financial Statements

for the year ended 30 June 2012

2012
\$

2011
\$

NOTE 15. ISSUED CAPITAL

435,412,887 (2011: 367,912,887) Fully paid ordinary shares with no par value	2,937,500	2,600,000
(a) Ordinary shares:	No.	No.
At the beginning of the reporting period	367,912,887	367,912,887
Shares issued during the year		
– 8 September 2011	67,500,000	-
At reporting date	435,412,887	367,912,887

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Capital Management:

The Directors' objectives when managing capital are to ensure that the Company can fund its operations and continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet business development and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Company at 30 June 2011 and 30 June 2012 are as follows:

Working Capital:	2012 \$	2011 \$
Cash and cash equivalents	204,132	783,303
Trade and other receivables	18,026	31,450
Trade and other payables	(25,000)	(112,646)
Short-term provisions	(30,279)	(18,247)
Working capital position	166,879	683,860

NOTE 16. CAPITAL AND LEASING COMMITMENTS

There are no such commitments at this stage of the company's operations.

NOTE 17. CONTINGENT LIABILITIES AND ASSETS

There are no contingent assets or liabilities.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 18. OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The information presented in the financial report is the same information that is reviewed by the directors'.

The Company is currently operative in two geographic region being primarily in Australia and Indonesia being the secondary location. The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from external customers		Non-current assets	
	Year ended	Year ended		
	30/6/12	30/6/11	30/6/12	30/6/11
Australia	16,751	32,774	200,000	225,000
Indonesia	-	-	434,289	-
	16,751	32,774	634,289	225,000

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

(b) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(c) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

2012 2011
\$ \$

NOTE 19. CASH FLOW INFORMATION

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	204,132	783,303
	<u>204,132</u>	<u>783,303</u>

Notes to the Financial Statements

for the year ended 30 June 2012

2012
\$

2011
\$

NOTE 19. CASH FLOW INFORMATION

(b) Reconciliation of Cash Flow from Operations with Operating Profit after Income

Tax

Operating (loss) after income tax	(424,437)	(777,778)
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	25,294	25,000
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	13,425	(21,372)
(Increase)/decrease in plant and equipment	(1,677)	-
Increase/(decrease) in trade and other payables including creditors forgiven	(87,646)	81,898
Increase/(decrease) in provisions	12,032	18,247
	<u>(463,009)</u>	<u>(674,005)</u>

NOTE 20. SHARE BASED PAYMENTS

There have been no such share based payments for the year ended 2011 and 2012.

NOTE 21. EVENTS AFTER THE BALANCE SHEET DATE

The Directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which 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.

NOTE 22. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The company's financial instruments consist mainly of deposits with banks and accounts payable.

The main purpose of non-derivative financial instruments is to raise finance for company operations.

The company does not have any derivative instruments at 30 June 2012.

i. Liquidity Risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Company. Due to the nature of the Company's activities, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Company are confined to trade and other payables as disclosed in the Statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

ii. Market Risk

The Board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 22. FINANCIAL INSTRUMENTS

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is not material to the company as no debt arrangements have been entered into.

Foreign exchange risk

The company is not exposed to fluctuations in foreign currencies.

Price risk

The Company is not exposed to any material commodity price risk.

iii. Credit Risk

Credit risk related to balances with banks and other financial institutions is managed by the director's in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	2012 \$	2011 \$
Cash and cash equivalents		
— AA Rated	204,132	783,303

(b) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Floating Interest		Fixed Interest Rate				Non-interest		Total		Weighted Average	
	Rate		Within 1 Year		1 to 5 Years		Bearing				Effective Interest Rate	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial Assets:												
Cash	204,132	783,303	-	-	-	-	-	-	204,132	783,303	2.75	2.75
Trade and other receivables	-	-	-	-	-	-	18,026	31,450	-	-	N/A	N/A
Total Financial Assets	204,132	783,303	-	-	-	-	18,026	31,450	204,132	783,303		
Financial Liabilities:												
Trade and other payables	-	-	-	-	-	-	55,279	130,893	-	-	N/A	N/A
Total Financial Liabilities	-	-	-	-	-	-	55,279	130,893	-	-		

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 22. FINANCIAL INSTRUMENTS

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date :

	2012		2011	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	204,132	204,132	783,303	783,303
Trade and other receivables	18,026	18,026	31,450	31,450
Total Financial Assets	222,158	222,158	814,753	814,753
Financial Liabilities				
Trade and other liabilities	55,279	55,279	130,893	130,893
Total Financial Liabilities	55,279	55,279	130,893	130,893

NOTE 23. COMPANY DETAILS

The registered office is:

1175. Hay Street
West Perth, WA 6005

The principal place of business is:

1175. Hay Street
West Perth, WA 6005

NOTE 24. RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year.

		Sales to	Purchases	Amounts owed	Amounts owed to
		related parties	from related parties	by related parties	related parties
		\$	\$	\$	\$
<i>Related party</i>					
Director related entities	June 2012	-	109,800	-	-
	June 2011	-	109,800	-	-

Purchases made from related parties are paid to Sabre Power Systems, a company which Mr. T Le Page is a director (\$109,800).

NOTE 25. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the company has decided not to early adopt. A discussion of those future requirements and their impact on the company is as follows:

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 101] (applicable for annual reporting periods commencing on or after 30 June 2013).

This standard requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE25. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

- AASB 2011-4: *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]* (applicable for annual reporting periods commencing on or after 30 June 2014).

This standard makes amendments to remove individual key management personnel disclosure requirements from AASB 124

- AASB 9: *Financial instruments* (applicable for annual reporting periods commencing on or after 31 December 2013).

AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.

- (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
- (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
 - The remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11

- AASB 10: *Consolidated Financial Statements* (applicable for annual reporting periods commencing on or after 31 December 2013).

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.

Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 127.

- AASB 11: *Joint Arrangements* (applicable for annual reporting periods beginning on or after 31 December 2013).

AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG- 113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.

Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB128.

- AASB 12: *Disclosure of Interests in Other Entities* (applicable for annual reporting periods beginning on or after 31 December 2013).

Notes to the Financial Statements

for the year ended 30 June 2012

NOTE 25. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (Continued)

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

- AASB 13: *Fair Value Measurement* (applies to periods beginning on or after 31 December 2013).

AASB 13 establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

Directors' Declaration

The directors of the company declare that;

1. The financial statements set out on pages 9 to 31 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards;
 - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as noted in note 1 to the financial statements;
 - (c) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Company;
2. the Chief Executive Officer and Chief Finance Officer have each declared that;
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards Board; and
 - (c) the financial statements and notes for the financial year give a true and fair view; and
3. In the director's 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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors.



Guy T. Le Page
Director

DATED at PERTH this 31st day of August 2012

Independent Auditor's Report

To the Members of Soil Sub Technologies Limited

We have audited the accompanying financial report of Soil Sub Technologies Limited ("the Company"), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Independent Auditor's Report

To the Members of Soil Sub Technologies Limited (*Continued*)



Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Basis for Qualified Auditor's Opinion

Intangible Assets

As disclosed in Note 9 to the financial statements, the Company has recorded intangible assets related to Licences and Patents with a carrying value of \$200,000 and Capitalised Development costs with a carrying value of \$432,906 which relates to the Company's Nutrimix products which can be used as a soil substitute. The reasonableness of the carrying value of intangibles is intrinsically linked to the continued operation of the Company into the future and primarily dependent on the economic benefits associated with these assets being realised. Should the Company be able to successfully commercialise this product and derive a sufficient level of income, then the carrying value of the asset may be supported. However, at the date of this report the eventual outcome of these events remains uncertain. As such, we have not been able to obtain sufficient evidence to support the Company's assessment of the carrying value of these assets.

Going Concern

As disclosed in Note 1 to the financial statements, the accounts have been prepared on the going concern basis, which contemplates continuity of normal activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Company incurred a loss from ordinary activities of \$424,437 for the year ended 30 June 2012 (2010: \$777,778 loss).

The ability of the Company to continue to pay its debts as and when they fall due is dependent upon successfully raising sufficient working capital, the successful commercialisation of the soil substitute product, and the continued support of its Board.

Management is currently in the process of raising working capital, however as at the date of this report, these negotiations remain on going, and the ultimate outcome of these negotiations remains uncertain.

Should the Company be unsuccessful in its above initiatives, it may be necessary to sell some of its assets, and reduce expenditure by various methods. Although the Directors believe that they will be successful in these measures, if they are not, the Company may be unable to continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

As a result of these matters, a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business, as described above. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Independent Auditor's Report

To the Members of Soil Sub Technologies Limited (*Continued*)



Qualified Auditor's Opinion

In our opinion, with the exception of the matter described in the preceding paragraph:

- a. The financial report of Soil Sub Technologies Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in directors' report for the year ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Soil Sub Technologies Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 31st day of August 2012

Corporate Governance Statement

The Board of Directors of the Company is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company's Corporate Governance Policies are structured with reference to the ASX Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1 – Lay solid foundations for the management and oversight

Principle 2 – Structure the board to add value

Principle 3 – Promote ethical and responsible decision making

Principle 4 – Safeguard integrity in financial reporting

Principle 5 – Make timely and balanced disclosure

Principle 6 – Respect the rights of shareholders

Principle 7 – Recognise and manage risk

Principle 8 – Remunerate fairly and responsibly

The Company's corporate governance policies were in place by the year ended 30 June 2010 and were mainly consistent with the ASX Corporate Governance Council's best practice recommendations.

Any director may nominate a person to be considered for appointment as a director of the Company, either as an additional director or as a replacement for a retiring director. Criteria for Board membership rests on Board's assessment of the capacity of a nominee to contribute to the Company. Membership of the Board of Directors is reviewed on an on-going basis by the Chairman of the Board.

The terms and conditions relating to the appointment and retirement of directors are determined by the Board on an individual basis at the time of appointment of the director and are reviewed by the Chairman on an on-going basis.

Each director of the Company or a controlled entity has the right to seek independent professional advice at the expense of the Company, however prior approval of the Chairman is required which will not be unreasonably withheld.

The remuneration of executive directors and non-executive directors is reviewed by the Board of directors with the exclusion of the director concerned. The remuneration of other senior executives (of the Company) is approved by the Chairman. Directors are not remunerated in accordance with the performance of the Company.

The nomination of external auditors and the review of the adequacy of external audit arrangements is the responsibility of the Board of Directors as a whole.

The Board has established the following standing Committee to assist the Board in the execution of its responsibilities:

- The Audit Committee.

Other committees may from time to time be established by the Board in accordance with the Constitution or to deal with matters of special importance.

Corporate Governance Statement

In particular the Board also recognises the important function traditionally fulfilled by a Nomination Committee and a Remuneration Committee. To this end, although due to the Company's size and operational base, a separately constituted committee of the Board is perceived not to be warranted, nevertheless the Board commits that from time to time (and as necessary) to discretely address the function traditionally addressed by a Nomination Committee and a Remuneration Committee.

Responsibility for establishing and maintaining effective risk management strategies rests with senior management, accountable to the Executive Chairman and the Audit and Risk Management Committee of the Board.

All directors, executives and staff of the Company and of all controlled entities, if any, are required to abide by the legal requirements, the Listing Rules of the Australian Securities Exchange and the highest standards of ethical conduct as recognised in each relevant jurisdiction in which the Company operates and with regard to their personal trading in the securities of the Company including the use of trading windows.

Additional Information for Shareholders

The following additional information is required by the Australian Securities Exchange in respect of listed public companies only.

1. Shareholding

a. Distribution of Shareholders

Category (size of holding)	Number	
	Ordinary	Redeemable
1 – 1,000	445	-
1,001 – 5,000	238	-
5,001 – 10,000	63	-
10,001 – 100,000	92	-
100,001 – and over	261	-
	1,099	-

b. The number of shareholdings held in less than marketable parcels is 938.

c. The names of the substantial shareholders listed in the holding company's register as at 17 August 2012 are:

Shareholder	Number	
	Ordinary	% Issue Capital
Perigee Capital Pty Ltd <Apogee Investment A/C>	28,064,403	6.45
Mr Jason & Mrs Lisa Peterson <J & L Peterson S/F A/C>	26,750,000	6.14

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Redeemable and converting preference shares

- These shares have no voting rights.

e. 20 Largest Shareholders — Ordinary Shares

Rank	Name	Units
1	PERIGEE CAPITAL PTY LTD <APOGEE INVESTMENT A/C>	28,064,403
2	MR JASON & MRS LISA PETERSON <J & L PETESON S/F A/C>	26,750,000
3	TRIDENT CAPITAL PTY LTD	15,800,000
4	DEJUL TRADING PTY LTD <EDDINGTON TRADING A/C>	14,370,849
5	JAPA INVESTMENTS (WA) PTY LTD <JAPA A/C>	14,094,645
6	BT GLOBAL HOLDINGS PTY LTD <BT UNIT A/C>	13,250,000
7	MR MICHAEL FOSTER BLACK + MRS LYNETTE ROBIN BLACK <PE SUR SUPP CO STF S/F 2 A/C>	13,200,000
8	STEYNTON NOMINEES PTY LTD <GE SCOTT FAMILY A/C>	10,400,515
9	MR DAMIAN & MR ANDREW BLACK <LENOIR SUPERFUND A/C>	8,000,316
10	CHANCERY HOLDINGS PTY LTD <MCKENZIE NO 2 SUPER FUND A/C>	6,828,606
11	MRS KATHLEEN EDINGTON <KATHIE EDDINGTON NO2 S/F A/C>	6,000,000
12	MRS KATHLEEN EDINGTON <KATHIE EDDINGTON NO1 S/F A/C>	6,000,000
13	MOUSETRAP NOMINEES PTY LTD	6,000,000
14	MRGUY & MRS DINA LE PAGE <THE GUY LE PAGE S/F A/C>	5,850,000
15	AROTINCO RESOURCES PTY LTD	5,200,000
16	JAYVEE INVESTMENTS PTY LTD <JAYVEE UPER PLAN A/C>	5,000,000
17	MR SIAT YOON CHIN	5,000,000

Additional Information for Shareholders

18	GROUP #804045	5,000,000
	MAINBREAK SECURITIES PTY LTD	5,000,000
19	CHIN NOMINEES PTY LTD <CHIN NOMINEES NO 2 S/F A/C>	4,500,000
20	LENOIR CAPITAL PTY LTD	4,500,000
Totals: Top 20 holders of SOI ORDINARY FULLY PAID		203,809,334
Total Remaining Holders Balance		231,603,553
Total Holders Balance		435,412,887

- The name of the company secretary is Keong Chan.
- The address of the principal registered office in Australia is 1175 Hay Street, West Perth, WA 6005.
Telephone 08 9321 3277.
- Registers of securities are held at the following addresses
WA 1175 Hay Street, West Perth WA 6005
- Stock Exchange Listing**
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.
- Unquoted Securities**
The Company does not have any unquoted securities.
- Other Disclosures**
None.