

APPENDIX 4E

PRELIMINARY FINAL REPORT

1. Company details

Name of entity:	Transol Corporation Limited
ABN:	73 089 224 402
Reporting period:	Year ended 30 June 2011
Previous corresponding period:	Year ended 30 June 2010

2. Results for announcement to the market

Revenues from ordinary activities	up	452.6%	to	\$ 1,661,043
Loss from ordinary activities after tax attributable to the owners of Transol Corporation Limited	up	271.8%	to	\$(121,545)
Loss for the period attributable to the owners of Transol Corporation Limited	up	271.8%	to	\$(121,545)

Dividends

There were no dividends paid or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$121,545 (30 June 2010: \$32,694).

3. NTA backing

	Reporting period	Previous corresponding period
Net tangible asset backing per ordinary security	0.10 cents	0.13 cents

4. Control gained over entities

Name of entities (or group of entities) Not applicable.

Date control gained

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)

\$ -

Profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period (where material)

\$ -

5. Loss of control over entities

Name of entities (or group of entities)	Liberty Mining International Pty Ltd and its subsidiaries
Date control lost	7 June 2011
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	\$ 121,735
Profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)	\$ 994,518

6. Dividends

Current period

There were no dividends paid or declared during the current financial period.

Previous corresponding period

There were no dividends paid or declared during the previous financial period.

7. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

Not applicable.

The last date(s) for receipt of election notices for the dividend or distribution plans: Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Current period	Previous corresponding period	Current period	Previous corresponding period
Not applicable.				
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit(loss) from ordinary activities before income tax			\$ -	\$ -
Income tax on operating activities			\$ -	\$ -

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The accounts are in the process of being audited.

11. Attachments

Details of attachments (if any):

The financial statements and key supporting notes for the year ended 30 June 2011 are attached.

12. Signed

Signed: _____

Date: 31 August 2011

Angus Edgar
Director

Transol Corporation Limited
Statement of comprehensive income
For the year ended 30 June 2011

	Note	Consolidated	
		2011	2010
		\$	\$
Revenue from continuing operations		1,661,043	300,574
Other income		580,598	-
Expenses			
Administration and corporate expenses		(1,038,776)	(67,319)
Employee benefits expense		(328,041)	(257,311)
Legal and professional fees		(276,833)	(375,053)
Depreciation and amortisation expense		(11,089)	(15,723)
Impairment of assets		(256,987)	(432,347)
Other expenses		(288,950)	(116,581)
Advertising and marketing		(115,163)	(29,309)
Occupancy costs		(167,543)	(99,880)
Finance costs		(1,642)	(2,847)
Loss before income tax expense from continuing operations		(243,383)	(1,095,796)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(243,383)	(1,095,796)
Profit after income tax expense from discontinued operations	4	121,735	994,518
Loss after income tax expense for the year		(121,648)	(101,278)
Other comprehensive income			
Loss on the revaluation of available-for-sale financial assets, net of tax		10,000	-
Foreign currency translation		(299,001)	(11,805)
Loss on deconsolidation		(119,614)	-
Other comprehensive income for the year, net of tax		(408,615)	(11,805)
Total comprehensive income for the year		<u>(530,263)</u>	<u>(113,083)</u>
Loss for the year is attributable to:			
Non-controlling interest		(103)	(68,584)
Owners of Transol Corporation Limited		(121,545)	(32,694)
		<u>(121,648)</u>	<u>(101,278)</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(103)	(68,584)
Owners of Transol Corporation Limited		(530,160)	(44,499)
		<u>(530,263)</u>	<u>(113,083)</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Transol Corporation Limited
Statement of comprehensive income
For the year ended 30 June 2011

	Note	Consolidated	
		2011	2010
		\$	\$
		Cents	Cents
Earnings per share from continuing operations attributable to the owners of Transol Corporation Limited			
Basic earnings per share	6	(0.02)	(0.11)
Diluted earnings per share	6	(0.02)	(0.11)
Earnings per share from discontinued operations attributable to the owners of Transol Corporation Limited			
Basic earnings per share	6	0.01	0.11
Diluted earnings per share	6	0.01	0.11
Earnings per share for loss attributable to the owners of Transol Corporation Limited			
Basic earnings per share	6	(0.01)	-
Diluted earnings per share	6	(0.01)	-

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Transol Corporation Limited
Statement of financial position
As at 30 June 2011

	Note	Consolidated	
		2011	2010
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		188,392	694,162
Trade and other receivables		86,410	44,348
Other		75,547	50,290
Total current assets		<u>350,349</u>	<u>788,800</u>
Non-current assets			
Trade and other receivables		-	97,298
Available-for-sale financial assets		1,133,600	-
Property, plant and equipment		32,670	126,925
Exploration and evaluation		-	548,368
Total non-current assets		<u>1,166,270</u>	<u>772,591</u>
Total assets		<u>1,516,619</u>	<u>1,561,391</u>
Liabilities			
Current liabilities			
Trade and other payables		258,318	272,317
Borrowings		54,606	-
Employee benefits		5,932	2,886
Provisions		12,000	-
Total current liabilities		<u>330,856</u>	<u>275,203</u>
Non-current liabilities			
Borrowings		-	3,334
Total non-current liabilities		<u>-</u>	<u>3,334</u>
Total liabilities		<u>330,856</u>	<u>278,537</u>
Net assets		<u>1,185,763</u>	<u>1,282,854</u>
Equity			
Contributed equity	5	22,794,586	22,315,213
Reserves		517,361	1,623,280
Accumulated losses		<u>(22,078,723)</u>	<u>(22,585,530)</u>
Equity attributable to the owners of Transol Corporation Limited		1,233,224	1,352,963
Non-controlling interest		<u>(47,461)</u>	<u>(70,109)</u>
Total equity		<u>1,185,763</u>	<u>1,282,854</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Transol Corporation Limited
Statement of changes in equity
For the year ended 30 June 2011

	Contributed equity \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Consolidated					
Balance at 1 July 2009	22,315,213	1,635,085	(22,552,835)	(1,526)	1,395,937
Other comprehensive income for the year, net of tax	-	(11,805)	-	-	(11,805)
Loss after income tax expense for the year	-	-	(32,694)	(68,584)	(101,278)
Total comprehensive income for the year	-	(11,805)	(32,694)	(68,584)	(113,083)
Balance at 30 June 2010	<u>22,315,213</u>	<u>1,623,280</u>	<u>(22,585,529)</u>	<u>(70,110)</u>	<u>1,282,854</u>
	Contributed equity \$	Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Consolidated					
Balance at 1 July 2010	22,315,213	1,623,280	(22,585,529)	(70,110)	1,282,854
Other comprehensive income for the year, net of tax	-	(289,001)	(119,614)	-	(408,615)
Loss after income tax expense for the year	-	-	(121,545)	(103)	(121,648)
Total comprehensive income for the year	-	(289,001)	(241,159)	(103)	(530,263)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	479,373	-	-	-	479,373
Loss attributable to non- controlling interests	-	(46,201)	-	-	(46,201)
Expiry of options	-	(747,965)	747,965	-	-
Equity on increase in ownership interest in subsidiary	-	(22,752)	-	22,752	-
Balance at 30 June 2011	<u>22,794,586</u>	<u>517,361</u>	<u>(22,078,723)</u>	<u>(47,461)</u>	<u>1,185,763</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Transol Corporation Limited
Statement of cash flows
For the year ended 30 June 2011

Note	Consolidated	
	2011	2010
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,238,890	-
Payments to suppliers and employees (inclusive of GST)	(1,658,108)	(2,077,029)
Interest received	10,866	27,790
Interest and other finance costs paid	(1,642)	(2,847)
Other income	(65,691)	216,228
Proceeds from farm in	-	1,610,027
	<u> </u>	<u> </u>
Net cash used in operating activities	<u>(475,685)</u>	<u>(225,831)</u>
Cash flows from investing activities		
Payments for investments	(825,000)	-
Payments for property, plant and equipment	-	(82,163)
Payments for exploration assets	-	(48,368)
Proceeds from sale of business	369,883	-
Proceeds from sale of investments	200,000	-
Proceeds from sale of property, plant and equipment	-	48,150
	<u> </u>	<u> </u>
Net cash used in investing activities	<u>(255,117)</u>	<u>(82,381)</u>
Cash flows from financing activities		
Net proceeds from issue of shares	479,373	-
Loans to subsidiaries	-	(325,000)
Loan to directors	-	(79,975)
Repayment of borrowings	-	(5,342)
Proceeds from borrowings	50,000	-
Repayment of borrowings	(5,340)	-
	<u> </u>	<u> </u>
Net cash from/(used in) financing activities	<u>524,033</u>	<u>(410,317)</u>
Net decrease in cash and cash equivalents	(206,769)	(718,529)
Cash and cash equivalents at the beginning of the financial year	694,162	1,424,496
Effects of exchange rate changes on cash	(299,001)	(11,805)
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	<u>188,392</u>	<u>694,162</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Transol Corporation Limited ('company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries for the year then ended. Transol Corporation Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Significant accounting policies (continued)

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

Going concern

The Group experienced operating losses and negative operating cash flows during the year ended 30 June 2011 and as such there is a material uncertainty about the consolidated Group's ability to continue as a going concern. The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are subject to estimating revenue from its investment in CLTNet project and sales, revenue from Valleyarm Digital Pty Ltd, establishing revenue from future investments and/or accessing additional capital. The Company has a rights issue currently underway.

The Directors believe the Company will be able to continue as a going concern and meet its debts and commitments as they fall due for the next 12 months.

The Group has prepared this financial report on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business at the amount stated in the financial statements.

Note 1. Significant accounting policies (continued)

Intangible Assets

Goodwill

Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 1. Significant accounting policies (continued)

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Transol Corporation Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Comparative figures

When required by Accounting Standards, comparative figures have been restated to conform to changes in presentation for the current period.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deduction of all its liabilities. Equity instruments issued by the Group are recognised as proceeds received net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities are classified at FVTPL when the financial liability is either held for trading or designated as at FVTPL. A financial liability is classified as held for trading if it has been acquired for the purpose of repurchasing it in the near term or on initial recognition it is part of a portfolio of identified financial instruments the the Group manages together and has a recent actual pattern of short-term profit-taking. Financial assets are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2011. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Fair value and hierarchy of financial instruments

The consolidated entity is required to classify financial instruments, measured at fair value, using a three level hierarchy, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). An instrument is required to be classified in its entirety on the basis of the lowest level of valuation inputs that is significant to fair value. Considerable judgement is required to determine what is significant to fair value and therefore which category the financial instrument is placed in can be subjective.

The fair value of financial instruments classified as level 3 is determined with reference to recent transactions of a similar nature and offers received by the Group.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Transol Corporation Limited
Notes to the financial statements
30 June 2011

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Long service leave provision

As discussed in note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into 4 operating segments: Mining exploration, CLTnet, Digital Music and Video and Mangement Services. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both adjusted earnings before interest, tax, depreciation and amortisation (segment result) and profit before income tax.

The information reported to the CODM is on at least a monthly basis.

Operating segment information

	CLTNet	Digital music	Management services	Intersegment eliminations/ unallocated	Consolidated
2011	\$	\$	\$	\$	\$
Revenue					
Sales to external customers	329,885	861,029	50,528		1,241,442
Total sales revenue	329,885	861,029	50,528	-	1,241,442
Other income	-	-	-	1,582,006	1,582,006
Total revenue	329,885	861,029	50,528	1,582,006	2,823,448
Segment result					
Depreciation and amortisation	(36,523)	(383,507)	153,987	414,113	148,070
Impairment of assets	-	-	(11,089)	-	(11,089)
Finance costs	-	(256,987)	-	-	(256,987)
	-	-	(1,642)	-	(1,642)
Profit/(loss) before income tax expense	(36,523)	(640,494)	141,256	414,113	(121,648)
Income tax expense					-
Loss after income tax expense					(121,648)
Assets					
Segment assets	342,964	81,694	2,106,270	(1,014,309)	1,516,619
Total assets					1,516,619
Liabilities					
Segment liabilities	711,485	135,722	193,906	(710,257)	330,856
Total liabilities					330,856

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Note 4. Discontinued operations

Description

On 7 June 2011, Transol Corporation Limited sold its shares in Liberty Mining International Pty Ltd and its subsidiaries ('LMI Group') which comprised its mining industry business. The disposal of the LMI Group is disclosed in the financial report as a discontinued operation.

The financial performance presented below is for the period 1 July 2010 - 7 June 2011.

Financial performance information

	Consolidated	
	2011	2010
	\$	\$
Sale of tenements	581,807	1,599,916
Total revenue	<u>581,807</u>	<u>1,599,916</u>
Administration and corporate expenses	(140,548)	(230,620)
Employee benefits expense	(151,260)	(213,393)
Legal and professional fees	(29,546)	(27,651)
Depreciation and amortisation expense	(3,027)	(3,936)
Loss on sale of assets	(2,490)	-
Other expenses	(44,929)	-
Advertising and marketing	-	(113)
Occupancy costs	-	(31,565)
Other expenses	-	(98,120)
Total expenses	<u>(371,800)</u>	<u>(605,398)</u>
Profit before income tax expense	210,007	994,518
Income tax expense	<u>-</u>	<u>-</u>
Profit after income tax expense	<u>210,007</u>	<u>994,518</u>
Loss on sale before income tax	(88,272)	-
Income tax expense	<u>-</u>	<u>-</u>
Loss on sale after income tax expense	<u>(88,272)</u>	<u>-</u>
Profit after income tax expense from discontinued operations	<u>121,735</u>	<u>994,518</u>

Note 5. Equity - contributed

	Consolidated		Consolidated	
	2011	2010	2011	2010
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,145,867,926</u>	<u>975,867,926</u>	<u>22,794,586</u>	<u>22,315,213</u>

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Note 5. Equity - contributed (continued)

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2009	<u>975,867,926</u>		<u>22,315,213</u>
Balance	30 June 2010	975,867,926		22,315,213
Issue of shares	23 December 2010	115,000,000	\$0.003	345,000
Share issue costs		-		(30,627)
Issue of shares - Valleyarm acquisition	2 March 2011	30,000,000	\$0.003	90,000
Issue of shares	7 June 2011	<u>25,000,000</u>	\$0.003	<u>75,000</u>
Balance	30 June 2011	<u><u>1,145,867,926</u></u>		<u><u>22,794,586</u></u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 6. Earnings per share

	Consolidated	
	2011	2010
	\$	\$
<i>Earnings per share from continuing operations</i>		
Loss after income tax	(243,383)	(1,095,796)
Non-controlling interest	<u>103</u>	<u>68,584</u>
Loss after income tax attributable to the owners of Transol Corporation Limited	<u><u>(243,280)</u></u>	<u><u>(1,027,212)</u></u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,040,319,981</u>	<u>975,867,926</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u><u>1,040,319,981</u></u>	<u><u>975,867,926</u></u>
	Cents	Cents
Basic earnings per share	(0.020)	(0.110)
Diluted earnings per share	(0.020)	(0.110)

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Note 6. Earnings per share (continued)

	Consolidated	
	2011	2010
	\$	\$
<i>Earnings per share from discontinued operations</i>		
Profit after income tax	121,735	994,518
Non-controlling interest	103	68,584
	<u>121,838</u>	<u>1,063,102</u>
Loss after income tax attributable to the owners of Transol Corporation Limited	<u>121,838</u>	<u>1,063,102</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,040,319,981</u>	<u>975,867,926</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,040,319,981</u>	<u>975,867,926</u>
	Cents	Cents
Basic earnings per share	0.010	0.110
Diluted earnings per share	0.010	0.110
	Consolidated	
	2011	2010
	\$	\$
<i>Earnings per share for loss</i>		
Loss after income tax	(121,648)	(101,278)
Non-controlling interest	103	68,584
	<u>(121,545)</u>	<u>(32,694)</u>
Loss after income tax attributable to the owners of Transol Corporation Limited	<u>(121,545)</u>	<u>(32,694)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,040,319,981</u>	<u>975,867,926</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,040,319,981</u>	<u>975,867,926</u>
	Cents	Cents
Basic earnings per share	(0.010)	-
Diluted earnings per share	(0.010)	-