carbonconscious

ANNUAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2015

ABN 20 129 035 221

Carbon Conscious Limited and Controlled Entities
Financial Report
for the year ended 30 September 2015

2015

CONTENTS

ABN 20 129 035 221

Directors

Mr ANDREW MCBAIN, Executive Director
Mr TREVOR STONEY, Chairman & Non-Executive Director
Mr NEIL MCBAIN, Non-Executive Director

Company Secretary

Mr ANTHONY FITZGERALD

Principal & Registered Office

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OSBORNE PARK WA 6017
TELEPHONE: (08) 9204 8400

Auditors

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PERTH WA 6000

Share Registry

ADVANCED SHARE REGISTRY SERVICES
110 STIRLING HIGHWAY
NEDLANDS WA 6009
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Solicitors

BELLANHOUSE LEGAL
GROUND FLOOR, 11 VENTNOR AVENUE
WEST PERTH WA 6005

Bankers

COMMONWEALTH BANK OF AUSTRALIA
150 ST GEORGES TERRACE
PERTH WA 6000

Securities Exchange

AUSTRALIAN SECURITIES EXCHANGE
EXCHANGE CENTRE
20 BRIDGE STREET
SYDNEY NSW 2000

EXECUTIVE DIRECTOR REVIEW OF OPERATIONS

Dear Shareholder,

Existing Business

The Company continued to focus on delivery against its existing contracts with customers, improving operational efficiency, accelerated repayment of debt and reviewing new business opportunities.

The majority of the Company's activities and cash-flow are based on managing carbon plantation assets for customers with the remainder of cash-flow being generated from new business or balance sheet carbon sales.

Carbon Conscious has long term management contracts (out till 2027 in Australia) with major counterparties. The management contracts underpin the cash-flow of the business with circa $32 million in contracted revenue to be received out till 2027 from Australia and further revenue from annual spot sales of approximately NZ $8 million from New Zealand. The net present value of the existing business cash-flow (discount rate 8%) is approximately $25 million.

On 9 November the Company announced that it has terminated its agreement in New Zealand under mutual agreement with its customer. The outcome for the Company is that its revenue from NZU sales is no longer contracted, but can still be generated from on market sales. In addition the Company is now in a position to sell the land and forestry assets, which are expected to generate between NZ $3 million to $4 million, which if realised, will be applied to reduce debt to zero and the balance will be applied to accelerate new business opportunities in Western Australian dairy.

In 2015 the Company is pleased to have reduced debt by circa $1.8 million, with a further $0.3 million having been repaid since the reporting date. The Company advised on 2 November that all convertible notes have been repaid and that our expectations are that debt will be reduced to zero by November 2016 – sooner if the New Zealand assets are sold.

The Company remains cautiously optimistic in relation to new carbon related transactions post the recent successful negotiations in Paris and will continue to evaluate opportunities as they arise.

New Business

On 9 December, Carbon Conscious announced its intention to expand into the Western Australian dairy market with execution of an exclusive non-binding Memorandum of Understanding ("MoU") with Green Lake Pty Ltd.

The MoU establishes a framework for entry into the lucrative Asian export market underpinned by exclusive, long-term supply of fresh WA milk into China. A supply arrangement with Green Lake would provide strong upside potential with an initial targeted penetration into a middle tier population of 10 million people.

Australian fresh milk currently retails from A$8 - $10 per litre in Chinese supermarkets and a completed transaction would provide a first-step expansion of the Carbon Conscious business into a larger, diversified agribusiness model.

Beyond the MoU with Green Lake Pty Ltd, the Company plans to become the major milk producer in Western Australia and the "go to" company for processors and strategic distribution partners seeking long term, secure access to supply for the development of new markets into Asia. We envisage that these new markets would initially be for fresh milk but may develop into other dairy related products in time.

The Company proposes a name change to Alterra Ltd to reflect broader scope of agricultural ambitions.

The team at Carbon Conscious is excited about the upcoming year and the opportunities that 2016 will bring to significantly grow your business.

Andrew McBain
Executive Director
Carbon Conscious Limited

DIRECTOR'S REPORT

Your directors submit the annual financial report of the Company and the entities it controlled (hereafter referred to as "The Group") for the year ended 30 September 2015.

Directors

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

ANDREW MCBAIN (Executive Director)
TREVOR STONEY (Non-Executive Director)
NEIL MCBAIN (Non-Executive Director)

Information on Directors

TREVOR STONEY, 70 (Chairman & Non-Executive Director)

Mr Stoney brings more than 50 years of involvement, knowledge and relationships within the agricultural industry to Carbon Conscious. From 1962 until the farm's sale in 2009, Mr Stoney managed his family's mixed farming operations of 70,000 acres which stretched from Dongara in the mid-west, Esperance in the south and Donnybrook in the south-west of Western Australia. Mr Stoney's experience brings invaluable insight into the carbon market and its close relationship with Australian farmers.

ANDREW MCBAIN, 41 (Executive Director)

Mr McBain is one of the founders of Carbon Conscious and was instrumental in the establishment and early development of the Carbon Conscious business. Mr McBain has managed the day to day operations of Carbon Conscious since September 2012. Mr McBain has been involved with a number of startup businesses and is currently a Non-Executive Director of listed mineral explorer Rumble Resources Ltd. Mr McBain has experience in business incubation, development and management, capital raising and corporate compliance with a passion and focus on agricultural investments.

NEIL MCBAIN, 71 (Non-Executive Director)

Mr McBain has had a long business career in the business to business industrial services sector, during which he has established a solid history of business development and profitable growth. Previously, Mr McBain headed up a private equity consortium which built the Loscam Pallet business into a major competitor to Chep in Australia and to market dominance in South and North Asia. Loscam was sold to Chinese logistics group CML Ltd in July 2010. Mr McBain has significant experience in Mergers and Acquisitions including operational integration and prides himself on a reputation for an intense focus on customers and creating value for shareholders. Through his private company Aroona Management Pty Ltd, Mr McBain has previously made available up to $2 million in working capital funding to Carbon Conscious and adds value to the Carbon Conscious Board through his personal networks and relationships in the finance sector.

Information on Company Secretary

KENT HUNTER, 47 – Resigned as Company Secretary on 30 March 2015

ANTHONY FITZGERALD, 55, (Commercial Manager) – Appointed as Company Secretary on 30 March 2015

Mr Fitzgerald has over 30 years' experience in the management of agribusinesses engaged in: large scale extensive animal production, grain marketing pools, agri-forestry and land conservation projects. These prior experiences have included operational, financial, and compliance responsibilities.

Interests in the Shares and Options of the Company

The following relevant interests in shares and options of the Company or a related body corporate were held by the directors as at the date of this report.

Directors	Number of listed options over ordinary shares	Number of fully paid ordinary shares
Trevor Stoney	-	9,417,361
Andrew McBain	-	7,410,306
Neil McBain	-	7,100,000

Interests in the Shares and Options of the Company (continued)

During the financial year, the following options were issued to directors as remuneration as approved by shareholders at the annual general meeting held on 27 January 2015. The value of these options together with the model and assumptions used are set out in the Remuneration Report and in Note 16 in the financial statements.

Directors	Number of options over ordinary shares	Exercise Price	Expiry Date
Trevor Stoney	1,500,000	$0.045	31 January 2017
Andrew McBain	1,500,000	$0.045	31 January 2017
	1,500,000	$0.06	31 January 2018
Neil McBain	1,500,000	$0.045	31 January 2017

No shares were granted to related parties during the year and up to the date of this report.

Details of unissued ordinary shares under options are as follows:

Number of options	Exercise price	Expiry date
8,250,000	$0.045	31 January 2017
3,000,000	$0.06	31 January 2018

Details of listed options which have expired during the year are as follows:

Number of options	Exercise price	Expiry date
9,342,000	$0.08	31 March 2015

Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

Principal Activities

The principal activities of the Group during the year were environmental services being the establishment of carbon sinks for the purpose of sequestration of carbon from the atmosphere.

There have been no significant changes in the nature of those activities during the year.

Dividends

No dividends have been paid or declared for the year ended 30 September 2015. The directors do not recommend the payment of a dividend in respect of the year ended 30 September 2015.

Review of Operations

The Group continues to review and manage its costs in a challenging carbon market whilst looking for other opportunities.

The Group has three substantial long term contracts with strong counterparties for the continued provision of services associated with bio-sequestration that generate revenue out till 2027 in Australia and 2032 in New Zealand.

The Group has also built a long term asset base which involves agricultural land that has in the majority been planted with native trees for bio-sequestration.

Operating Results for the Year

The profit of the Group for the year ended 30 September 2015 after providing for income tax amounted to $91,210 (30 September 2014: $1,845,978).

Financial Position

The net assets of the Group have increased by $755,977 from $11,436,241 at 30 September 2014 (restated) to $12,192,218 at 30 September 2015.

Significant Changes in the State of Affairs

The following significant changes in the state of affairs occurred during the year ended 30 September 2015:

(a) **9 February 2015** – the Company replaced its Constitution following approval from shareholders at the Annual General Meeting on 23 December 2014.

(b) **5 March 2015** – the Company sent a letter to all holders of listed options (CCFO), advising them of the impending expiry of their options on 31 March 2015.

(c) **18 March 2015** – the Company announced it has moved its registered address and principal place of business from Subiaco to Osborne Park in Western Australia.

(d) **30 March 2015** – the Company announced the resignation of Mr Kent Hunter as Company Secretary. Mr Anthony Fitzgerald has replaced Mr Hunter as Company Secretary.

(e) **1 April 2015** – the Company advised that 9,342,000 listed options (CCFO) have expired on 31 March 2015, and that there were no options exercised.

(f) **13 April 2015** – the Company announced that it was making a conditionally underwritten, non-renounceable pro-rata offer of ordinary fully paid shares at an issue price of 2 cents each to eligible shareholders on the basis of one new share for every four Shares held. The Company had as at the date of offer 104,831,988 Shares and 11,250,000 unquoted Options on issue. Completion of the offer would result in an increase in cash at hand of up to approximately $524,160 (before payment of costs). The funds raised would be used to reduce debt, explore new initiatives in sustainable agricultural projects (including dairy) and for working capital purposes.

(g) **24 April 2015** – the Company announced that it was a successful participant in the inaugural Emission Reduction Fund auction conducted by the Clean Energy Regulator on 15 and 16 April 2015. The auction was the first conducted by the Australian Federal Government's Direct Action Policy. Carbon Conscious has two reforestation based carbon capture projects registered with the Clean Energy Regulator, which are eligible to generate Australian Carbon Credit Units (ACCUs) until December 2039. The Company offered ACCUs from both projects and was successful in one of its projects being accepted by the Clean Energy Regulator.

(h) **7 May 2015** – the Company announced that its non-renounceable pro-rata offer had closed.

(i) **11 May 2015** – the Company announced that shares had been allotted following the subscription by shareholders in its non-renounceable pro-rata offer.

(j) **28 May 2015** – the Company announced that its non-renounceable pro-rata offer had been fully subscribed for, with the remaining shares allotted under its shortfall capacity.

(k) **28 May 2015** – the Company announced that it had conducted a share placement with sophisticated investors.

(l) **1 July 2015** – the Company announced that the three directors, namely Mr Trevor Stoney, Mr Neil McBain and Mr Andrew McBain had become substantial shareholders of the Company.

(m) **1 September 2015** – the Company announced to the market its intention to initiate an unmarketable parcel share buyback to 376 affected shareholders holding less than 14,705 shares at 3.4 cents per share. The share buyback commenced on 1 September 2015 and closed on 16 October 2015.

(n) **16 September 2015** – the Company announced that it had issued 500,000 shares at 2 cents per share to sophisticated investors as part of its underwriting agreement with CPS Capital Group Pty Ltd.

Significant Events after Balance Date

The following significant change in the state of affairs occurred after 30 September 2015:

(a) **28 October 2015** – the Company announced the completion of the Less than Marketable Parcel Share Sale Facility. A total of 1,512,988 shares have been purchased for a consideration of circa $51,442.

(b) **2 November 2015** – the Company announced that it had repaid all its outstanding convertible notes to Aroona Management Pty Ltd. The $2 million convertible notes provided by Aroona were drawn down around July 2012 by the Company for the purpose of completing the 2012 planting program and subsequent working capital requirements. The remaining debt of around $1.7 million will be funded via CBA and this will be reduced to $1.5 million by December 2015, and completely paid out on a business as usual scenario by September 2016.

(c) **9 November 2015** – the Company announced that its 100% owned subsidiary, Carbon Conscious New Zealand Ltd, had by mutual agreement with its New Zealand Unit offtake customer, terminated the contract. The offtake contract was a take and pay agreement which priced NZUs generated by CCNZ until 2032. The remaining gross value of expected NZU production under the contract was approximately NZ$8 million. The termination of the contract will have no material impact to the Company's balance sheet, profit or cash-flow.

(d) **9 December 2015** – the Company announced its intention to expand the business into the Western Australia dairy market by way of an execution of an exclusive non-binding Memorandum of Understanding with Green Lake Pty Ltd. This would establish a framework for providing a long term supply of fresh milk to China. A completed transaction would provide a first-step expansion of the Company's business into a larger, diversified agribusiness model, hence the proposal to change the Company's name to Alterra Ltd to reflect the broader scope of agricultural ambitions.

Likely Developments and Expected Results

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

Environmental Legislation

The Group is not subject to any significant environmental legislation.

Legal Litigation

The Group is not subject to any significant legal litigation.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for directors and other key management personnel of Carbon Conscious Limited (the "Company").

The term 'executives' is used in this remuneration report to refer to the following key management personnel. The named person held their current position for the year ended 30 September 2015:

ANTHONY FITZGERALD (Commercial Manager)

Remuneration Philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Committee

Two (2) members of the Board of the Company are delegated by the Board to constitute the Remuneration Committee. The Remuneration Committee makes recommendations to the full Board on appropriate levels of remuneration within the organisation.

Remuneration Structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the initial meeting of members held on 2 January 2008 when shareholders approved an aggregate maximum remuneration of $300,000 per year. The current total remuneration for non-executive directors is $136,875 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees.

The remuneration of non-executive directors for the year ended 30 September 2015 is detailed in Table 1.

Executives and Executive Director Remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed Remuneration

Fixed remuneration is reviewed periodically by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The fixed remuneration component of the Company's executives is detailed in Table 1.

Variable Remuneration

The objective of the short term incentive program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentives available are set at a level so as to provide sufficient incentive to the senior management to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

There were no short term incentives during the year ended 30 September 2015, other than the bonuses paid to Mr Andrew McBain and Mr Anthony Fitzgerald.

Employment Contracts

Mr Andrew McBain (Executive Director) has a contract of employment dated 1 January 2014 with a term of two years. The contract sets out the duties and responsibilities of the Executive Director who is paid $165,000 per annum exclusive of superannuation with a performance bonus to be determined by the Company taking into consideration the key performance indicators of the Executive Director and the Company, as the Company may set from time to time, and any other matter that it deems appropriate in the Company's sole and absolute discretion.

All other executives are on permanent full time contracts with notice periods in line with statutory requirements.

September 2015 Remuneration of Key Management Personnel

Table 1: Key Management Personnel remuneration for the year ended 30 September 2015

	Primary benefits			Post-employment		Equity	Other	Total	%
	Salary & fees	Cash Bonuses	Non-monetary benefits (i)	Superannuation	Prescribed benefits	Options			Performance related
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Andrew McBain	165,000	57,500	-	16,625	-	15,680	-	254,805	29%
Neil McBain	50,000	-	-	4,750	-	7,175	-	61,925	12%
Trevor Stoney	106,250	-	-	5,280	-	7,175	-	118,705	6%
Total	**321,250**	**57,500**	**-**	**26,655**	**-**	**30,030**	**-**	**435,435**	**-**
Executives	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Anthony Fitzgerald	165,000	57,500		15,675		15,680		253,855	29%
Total	**165,000**	**57,500**	**-**	**15,675**	**-**	**15,680**	**-**	**253,855**	**29%**

(i) Non-monetary benefits include employee share scheme payments and fringe benefits tax payments.

Options Granted as Part of Remuneration September 2015

	Value of options granted at grant date	Value of options exercised at exercise date	Value of options lapsed at time of lapse	Total value of options granted, exercised and lapsed	Value of options lapsed during the year	Value of options included in remuneration for the year	% Remuneration consisting of options for the year
Directors	**$**	**$**	**$**	**$**	**$**	**$**	
Andrew McBain	15,680	-	-	15,680	-	15,680	6%
Neil McBain	7,175	-	-	7,175	-	7,175	12%
Trevor Stoney	7,175	-	-	7,175	-	7,175	6%
Total	**30,030**	**-**	**-**	**30,030**	**-**	**30,030**	**7%**
Executives	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Anthony Fitzgerald	15,680	-	-	15,680	-	15,680	6%
Total	**15,680**	**-**	**-**	**15,680**	**-**	**15,680**	**6%**

For details on the valuation of the options, including models and assumptions used, please refer to Note 16 to the financial report. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Shares Issued to Executives for the year ended 30 September 2015

No shares were issued to Directors and Executives as part of the short term incentive scheme during the year ended 30 September 2015.

Option Holdings of Key Management Personnel for the year ended 30 September 2015

12 months ended 30 September 2015	Balance at beginning of reporting period	Granted as remuneration (i)	Options exercised	Net change Other(ii)	Balance at end of reporting period	Vested as at end of reporting period	
						Exercisable	Not Exercisable
Directors							
Andrew McBain	150,000	3,000,000	-	(150,000)	3,000,000	3,000,000	-
Trevor Stoney	150,000	1,500,000	-	(150,000)	1,500,000	1,500,000	-
Neil McBain	150,000	1,500,000	-	(150,000)	1,500,000	1,500,000	-
Executives							
Anthony Fitzgerald	-	3,000,000	-	-	3,000,000	3,000,000	-
Total	**450,000**	**9,000,000**	**-**	**(450,000)**	**9,000,000**	**9,000,000**	**-**

(i) Unlisted Options issued on 24 February 2015 as approved by shareholders at the Annual General Meeting 2015.

(ii) Expiry of Listed Options (CCFO) on 31 March 2015. No options were exercised.

Shareholdings of Key Management Personnel for the year ended 30 September 2015

12 months ended 30 September 2015	Balance at beginning of reporting period	Granted as remuneration	On exercise of options	Net change Other (i)	Balance at end of reporting period
Directors					
Andrew McBain	2,007,000	-	-	5,403,306	7,410,306
Trevor Stoney	5,904,553	-	-	3,512,808	9,417,361
Neil McBain	2,100,000	-	-	5,000,000	7,100,000
Executives					
Anthony Fitzgerald	950,000	-	-	2,500,000	3,450,000
Kent Hunter (ii)	365,000			-	365,000
Total	**11,326,553**	**-**	**-**	**16,416,114**	**27,742,667**

(i) Shares were acquired or sold by Directors / Executives or their related entities both on and off market.

(ii) Kent Hunter ceased to be a director on 28 August 2014 but continued as Company Secretary until 30 March 2015. His shareholding at 30 March 2015 is declared above under balance at end of reporting period.

September 2014 Remuneration of Key Management Personnel

Table 1: Key Management Personnel remuneration for the year ended 30 September 2014

	Primary benefits			Post-employment		Equity	Other	Total	%
	Salary & fees	Cash Bonuses	Non-monetary benefits (i)	Superannuation	Prescribed benefits	Options			Performance related
Directors	$	$	$	$	$	$	$	$	%
Kent Hunter	111,826	-	-	617	-	-	-	112,443	-
Andrew McBain	156,250	-	-	14,556	-	-	-	170,806	-
Neil McBain	21,875	-	-	2,055	-	-	-	23,930	-
Trevor Stoney	50,000	-	-	4,656	-	-	-	54,656	-
Total	**339,951**	**-**	**-**	**21,884**	**-**	**-**	**-**	**361,835**	**-**
Executives	$	$	$	$	$	$	$	$	%
Stephen Bodeker	28,474	-	-	2,634	-	-	-	31,108	-
Jeffrey Douglas	31,946	-	-	2,955	-	-	-	34,901	-
Anthony Fitzgerald	154,642	-	23,750	14,436	-	-	-	192,828	12.3
Thomas Reynolds	11,053	-	-	110	-	-	-	11,163	-
Total	**226,115**	**-**	**23,750**	**20,135**	**-**	**-**	**-**	**270,000**	**8.8**

(ii) Non-monetary benefits include employee share scheme payments and fringe benefits tax payments.

Options Granted as Part of Remuneration September 2014

No options were issued to either Directors or Executives for the year ended 30 September 2014 as part of their remuneration.

Shares Issued to Executives for the year ended 30 September 2014

No shares were issued to Directors as part of the short term incentive scheme during the year ended 30 September 2014.

The following shares were issued to Executives as part of the short term incentive scheme during the year ended 30 September 2014 and were included in non-monetary benefits.

Executives	No. of Shares Issued	Price per Share $	Total Value $
Anthony Fitzgerald	950,000	0.025	23,750
Total	**950,000**		**23,750**

Option Holdings of Key Management Personnel for the year ended 30 September 2014

12 months ended 30 September 2014	Balance at beginning of reporting period	Granted as remuneration	Options exercised	Net change Other	Balance at end of reporting period	Vested as at end of reporting period	
						Exercisable	Not Exercisable
Directors							
Kent Hunter	150,000	-	-	-	150,000	150,000	-
Andrew McBain	150,000	-	-	-	150,000	150,000	-
Trevor Stoney	150,000	-	-	-	150,000	150,000	-
Neil McBain	150,000(i)	-	-	-	150,000	150,000	-
Executives							
Stephen Bodeker	50,000	-	-	-	50,000(ii)	50,000	-
Jeffrey Douglas	150,000	-	-	-	150,000(ii)	150,000	-
Anthony Fitzgerald	-	-	-	-	-	-	-
Tom Reynolds	-	-	-	-	-	-	-
Total	**800,000**	**-**	**-**	**-**	**800,000**	**800,000**	**-**

(i) Opening balance upon appointment as Key Management Personnel.
(ii) Closing balance upon ceasing to be Key Management Personnel.

Shareholdings of Key Management Personnel for the year ended 30 September 2014

12 months ended 30 September 2014	Balance at beginning of reporting period	Granted as remuneration (i)	On exercise of options	Net change Other (ii)	Balance at end of reporting period
Directors					
Kent Hunter	1,675,098	-	-	(1,310,098)	365,000
Andrew McBain	1,907,000	-	-	100,000	2,007,000
Trevor Stoney	5,904,553	-	-	-	5,904,553
Neil McBain	2,100,000(iii)	-	-	-	2,100,000
Executives					
Stephen Bodeker	600,000	-	-	-	600,000(iv)
Thomas Reynolds	-	200,000	-	-	200,000(iv)
Anthony Fitzgerald	-	950,000	-	-	950,000
Jeffrey Douglas	1,800,000	-	-	-	1,800,000(iv)
Total	**13,986,651**	**1,150,000**	**-**	**(1,210,098)**	**13,926,553**

(i) Shares were given in lieu of bonuses.
(ii) Shares were acquired or sold by Directors/Executives or their related entities both on and off market.
(iii) Opening balance upon appointment as Key Management Personnel.
(iv) Closing balance upon ceasing to be Key Management Personnel.

Transactions with Key Management Personnel

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial period:

Related party	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	$	$	$	$
12 months ended 30 September 2015				
Mining Corporate Advisory Services Pty Ltd	-	-	-	-
Aroona Management Ltd	-	70,110	-	411,863
Rumble Resources Ltd	-	-	-	-
12 months ended 30 September 2014				
Mining Corporate Pty Ltd	-	114,884	-	-
Aroona Management Ltd	-	149,488	-	1,541,753
Rumble Resources Ltd	120	1,233	-	-

Mining Corporate Advisory Services is an entity controlled by Kent Hunter which provided CFO and Company secretarial services during the previous year.

Aroona Management Ltd is an entity controlled by Neil McBain, a director of Carbon Conscious Ltd. Aroona holds the convertible note of $200,000 disclosed in Note 14. Purchases relate to interest accrued during the year at 10% of the outstanding balance of the note. Principle repayments of $1,100,000 were made during the year. The total amount payable to Aroona includes $211,863 of interest accrued on the note.

Mr Andrew McBain is a non-executive director of Rumble Resources Ltd. The sales and purchases invoice in the previous year related to recharges of shared services.

End of Remuneration Report

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Number of Meetings Eligible to Attend	Number of Meetings Attended
ANDREW MCBAIN	6	6
TREVOR STONEY	6	6
NEIL MCBAIN	6	6

Proceedings on Behalf of the 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 ended 30 September 2015.

Auditor Independence and Non-audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 24 and forms part of this directors' report for the year ended 30 September 2015.

Non-audit Services

No non-audit services were provided by the external auditors during the year ended 30 September 2015.

Signed in accordance with a resolution of the directors.

Andrew McBain
Executive Director
Carbon Conscious Limited

Perth, 23rd day of December 2015

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

Carbon Conscious Limited’s Corporate Governance Statement is structured with reference to the Corporate Governance Council’s principles and recommendations.

Carbon Conscious Limited’s corporate governance practices were in place throughout the year ended 30 September 2015 and were substantially compliant with the Council’s recommendations.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Function

At a meeting held on 29 January 2008, the Board of Carbon Conscious Limited approved the Board Charter formalising the functions and responsibilities of the Board. The Company’s Board Charter is located on its website (www.carbonconscious.com.au). The Board is ultimately responsible for all matters relating to the running of the Company.

The Board’s role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Company’s Code of Conduct is located on its website (www.carbonconscious.com.au).

1.2 Objective

The objective of the Board is to provide an acceptable rate of return to the Company's shareholders taking into account the interests of the Company’s employees, customers, suppliers, lenders and the communities in which it operates.

1.3 Responsibilities

The Board is responsible for:

- Overseeing and approving the Company's strategic and operating objectives
- Reviewing and approving the Company's financial position, systems of risk management and internal compliance and control, codes of conduct and legal compliance
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestments
- Being responsible for the Company’s senior management and personnel including appointing and, where appropriate, removing the Chairman
- Ratifying the appointment and, where appropriate, the removal of the Managing Director (if applicable) and the Company Secretary
- Evaluating the performance of the Executive Directors and the Executives and determining their remuneration
- Delegating appropriate powers to the Executive Directors and Executives to ensure the effective day-to-day management of the business and monitoring the exercise of these powers
- Ensuring that policies and procedures are in place, consistent with the Company’s objectives, and that the Company and its officers act legally, ethically and responsibly in all matters, and
- Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chairman, being the key interface between the Company and its shareholders.

Directors’ appointment letters outline obligations of each Director to the Company and Board. The roles of the individual members of the Board are located on the Company’s website (www.carbonconscious.com.au).

1.4 Performance

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. The performance criteria against which Directors and Executives are assessed are aligned with the financial and non-financial objectives of Carbon Conscious Limited. Directors whose performance is consistently unsatisfactory may be asked to retire. As part of the Board process, the Company reviews performance of the Board at the completion of each meeting. The Company is currently developing further elements of Board evaluation with particular focus on the confidential evaluation process. Board Performance Evaluation Policy is located on its website (www.carbonconscious.com.au).

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

2.1 Structure of the Board

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report is included in the Directors' Report. Directors of Carbon Conscious Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

In the context of Director Independence, 'materiality' is considered from both the Company and individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following Director of Carbon Conscious Limited is considered to be independent:

Name	Position
NEIL MCBAIN	Non-Executive Director

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
TREVOR STONEY	4.4 years
ANDREW MCBAIN	3.9 years
NEIL MCBAIN	1.4 years

2.2 Responsibilities

The Board is responsible for:

- Overseeing and approving the Company's strategic and operating objectives
- Reviewing and approving the Company's financial position, systems of risk management and internal compliance and control, codes of conduct and legal compliance
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestments
- Being responsible for the Company's senior management and personnel including appointing and, where appropriate, removing the Chairman
- Ratifying the appointment and, where appropriate, the removal of the Managing Director (if applicable) and the Company Secretary
- Evaluating the performance of the Executive Directors and the Executives and determining their remuneration
- Delegating appropriate powers to the Executive Directors and Executives to ensure the effective day-to-day management of the business and monitoring the exercise of these powers
- Ensuring that policies and procedures are in place, consistent with the Company's objectives, and that the Company and its officers act legally, ethically and responsibly in all matters, and
- Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chairman, being the key interface between the Company and its shareholders.

The Company's Board Charter is located on its website (www.carbonconscious.com.au).

2.3 Nomination Committee

The Company does not have a formally constituted nomination committee as the Board considers that the Company's size does not warrant such a committee. The Board oversees the functions normally carried out by a nomination committee. The Company does, however, have procedures for the Board to follow in implementing the best practices of a nomination committee. These are contained within the Board performance evaluation policy. This policy will be reviewed on an ongoing basis.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE (continued)

2.4 Appointment of Directors

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to Board's duties and physical ability to undertake the Board's duties and responsibilities. The induction process involves site visits, company inspections and review of minutes. The Company's Director Selection Criteria is located on its website (www.carbonconscious.com.au).

Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

2.5 Duration of Appointment

In the interest of ensuring a continual supply of new talent to the Board, all Directors with the exception of the Managing Director will serve for a period of three years before they are requested to stand down for re-election. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director.

2.6 Performance

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. The performance criteria against which Directors and Executives are assessed are aligned with the financial and non-financial objectives of Carbon Conscious Limited. Directors whose performance is consistently unsatisfactory may be asked to retire. The Company's Board Performance Evaluation Policy is located on its website (www.carbonconscious.com.au).

2.7 Access to Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

3.1 Directors' and Executives' Code of Conduct

To assist the Board in carrying out its functions, it has developed a Code of Conduct to guide the Directors, the Managing Director and other Executives in the performance of their roles. The Code of Conduct addresses the maintenance of the confidence in the Company's integrity, legal obligations and expectations of shareholders, responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour. The Company's Code of Conduct is located on its website (www.carbonconscious.com.au).

3.2 Diversity Policy

The Board is committed to promoting a corporate culture that is supportive of diversity and encourages the transparency of Board processes, review and appointment of Directors, senior managers and support staff (www.carbonconscious.com.au).

3.3 Measurable Objectives for Diversity

Due to the size and nature of the company, the Board has not yet set any measurable objectives for diversity beyond the current structure.

3.4 Diversity Reporting

The Group's current structure is as follows:

	Year ended 30 September 2015		Year ended 30 September 2014	
Gender representation	**Female (%)**	**Male (%)**	**Female (%)**	**Male (%)**
Board representation	0%	100%	0%	100%
Key management personnel representation	0%	100%	0%	100%
Group representation	14%	86%	17%	83%

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Audit Committee

The Company does not have a formally constituted audit committee as the Board considers that the Company's size does not warrant such a committee. The Board oversees the functions normally carried out by an audit committee.

4.2 Risk

The identification and effective management of risk is viewed as an essential part of the Company's approach to creating long-term shareholder value.

In recognition of this, the Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. In doing so, the Board has taken the view that it is crucial for all Board members to be a part of this process and as such has not established a separate risk management committee.

The Board oversees an annual assessment of the effectiveness of risk management and internal compliance and control. The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management, including responsibility for the day to day design and implementation of the Company's risk management and internal control system. Management report to the Board on the Company's key risks and the extent to which it believes these risks are being adequately managed. The Company's Risk Management Policy is located on its website (www.carbonconscious.com.au).

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Continuous Disclosure

The Board has adopted a continuous disclosure policy to ensure that the Company complies with the disclosure requirements of the ASX Listing Rules. The Board and Executives have designated the Managing Director, followed by the Board and the Company Secretary as the persons responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the *ASX Listing Rules* the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities, and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The Company's Continuous Disclosure Policy is located on its website (www.carbonconscious.com.au).

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals
- making it easy for shareholders to participate in general meetings of the Company, and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company's Shareholder Communications Policy is strictly adhered to and is located on its website (www.carbonconscious.com.au). The Company encourages shareholders to visit the website and periodic reports are sent via email to shareholders. Part of each Board Meeting is committed to reviewing shareholder communication and the Company is aware of shareholder movement.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 Risk Management

The identification and effective management of risk is viewed as an essential part of the Company's approach to creating long-term shareholder value.

In recognition of this, the Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. In doing so, the Board has taken the view that it is crucial for all Board members to be a part of this process and as such has not established a separate risk management committee.

The Board oversees an annual assessment of the effectiveness of risk management and internal compliance and control. The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management, including responsibility for the day to day design and implementation of the Company's risk management and internal control system. Management report to the Board on the Company's key risks and the extent to which it believes these risks are being adequately managed. Currently, the Board see the key risks of the business as being financial risk, statutory risk, operating risk and key person risk. The Board has implemented steps to identify and ensure succession planning.

7.2 Risk Management Statement

The Board is responsible for the oversight of the Group's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director and Chief Executive Officer having ultimate responsibility to the Board for the risk management and control framework. The primary objectives of the risk management system at the Company are to ensure:

- all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately
- business decisions throughout the Company appropriately balance the risk and reward trade off
- regulatory compliance and integrity in reporting is achieved, and
- senior management, the Board and investors understand the risk profile of the Company.

In line with these objectives the risk management system covers:

- operations risk
- financial reporting
- compliance / regulations, and
- system/IT process risk.

Arrangements put in place by the Board to monitor risk management include:

- monthly reporting to the Board in respect of operations and the financial position of the Company
- preparing quarterly rolling forecasts, and
- circulating minutes of relevant Committees to the Board and the Chairman of each respective committee and providing reports to the Board on an annual basis.

A risk management model is also being developed and will provide a framework for systematically understanding and identifying the types of business risks threatening Carbon Conscious Limited as a whole, or specific business activities within the Company. The Company's Risk Management Statement is located on its website (www.carbonconscious.com.au).

7.3 Attestations by Executive Director and Company Secretary

It is the Board's policy that the Executive Director and Company Secretary make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. The Executive Director and Company Secretary have declared to the Board that the Company's management of its material business risks is effective.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Remuneration Committee

Two members of the Board are appointed as the remuneration committee. The Company has procedures for the Board to follow in implementing the best practices of a remuneration and nomination committee. These are contained within the Board performance evaluation policy. This policy will be reviewed on an ongoing basis.

8.2 Remuneration Policy

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of Executive Directors' and officers' emoluments to the Company's financial and operational performance.

The expected outcomes of the remuneration structure are:

- retention and motivation of key executives
- attraction of high quality management to the Company, and
- performance incentives that allow executives to share the success of Carbon Conscious Limited.

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current period please refer to the remuneration report, which is contained within the Directors' Report.

8.3 Executive Director and Senior Executive Remuneration

The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Directors themselves and the Chief Executive Officer and executive team.

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice should be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices. Executive Director and Executive remuneration structure is based on base salary, performance based structures and options on equity to align interests. There are no excessive termination payments as such, the termination payments are linked to protection of intellectual property.

8.4 Non-Executive Director Remuneration

Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The Board determines actual payments to directors and reviews their remuneration annually, based on independent external advice with regard to market practice, relativities, and the duties and accountabilities of directors. Non-Executive Directors are entitled to options as this is an important way to preserve cash and reward Non-Executive Directors as well as aligning interests. A review of directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits. The Company's Remuneration Statement is located on its website (www.carbonconscious.com.au). There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

8.5 Performance Based Remuneration

The Board recognises that Carbon Conscious Limited operates in a global environment. To prosper in this environment, we must attract, motivate and retain key executive staff.

The principles supporting our remuneration policy are that:

- Reward reflects the competitive global market in which we operate
- Individual reward is based on performance across a range of indicators that apply to delivering results across the Company
- Rewards to Executives are linked to creating value for shareholders
- Executives are rewarded for both financial and non-financial performance
- Remuneration arrangements are equitable and facilitate the deployment of Executives across the Company, and
- Executives receive a significant component of their reward in equity and are required to retain that holding over time.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY (continued)

8.6 Market Comparisons

Consistent with attracting and retaining talented executives, the Board endorses the use of incentive and bonus payments. The Board continues to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the Company's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the committee to reward key employees when they deliver consistently high performance. There are procedures in place, agreed by the Board, to enable Directors in the furtherance of their duties to seek independent professional advice at the Company's expense.

Principle / Recommendation	Requirement	Compliance	Reference
Principle 1	**Lay solid foundations for management and oversight**		
Recommendation 1.1	Functions of the Board and Senior Executives	Yes	1.1, 1.2, 1.3, Website
Recommendation 1.2	Performance Evaluation of Senior Executives	Yes	1.4
Recommendation 1.3	Reporting on Principle 1	Yes	1.1, 1.2, 1.3, 1.4, Website
Principle 2	**Structure the Board to add value**		
Recommendation 2.1	Independent Directors	Yes	2.1
Recommendation 2.2	Independent Chair	No	2.1
Recommendation 2.3	Role of the Chair and CEO	Yes	2.2, Website
Recommendation 2.4	Establishment of Nomination Committee	No	2.3
Recommendation 2.5	Performance Evaluation Process	Yes	2.6, Website
Recommendation 2.6	Reporting on Principle 2	Yes	2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, Website
Principle 3	**Promote ethical and responsible decision making**		
Recommendation 3.1	Directors' and Senior Executives' Code of Conduct	Yes	3.1, Website
Recommendation 3.2	Diversity policy	No	3.2, Website
Recommendation 3.3	Measurable objectives for diversity	No	3.3
Recommendation 3.4	Reporting on proportion of women in the organisation	Yes	3.4
Recommendation 3.5	Reporting on Principle 3	Yes	3.1, 3.2, 3.4, 3.4, Website
Principle 4	**Safeguard integrity in financial reporting**		
Recommendation 4.1	Establishment of Audit Committee	No	4.1
Recommendation 4.2	Structure of Audit Committee	No	4.1
Recommendation 4.3	Audit Committee Charter	No	4.1
Recommendation 4.4	Reporting on Principle 4	No	4.1, 4.2, Website
Principle 5	**Make timely and balanced disclosure**		
Recommendation 5.1	Policy for Compliance with Continuous Disclosure	Yes	5.1, Website
Recommendation 5.2	Reporting on Principle 5	Yes	5.1, Website
Principle 6	**Respect the rights of shareholders**		
Recommendation 6.1	Communications Policy	Yes	6.1, Website
Recommendation 6.2	Reporting on Principle 6	Yes	6.1, Website
Principle 7	**Recognise and manage risk**		
Recommendation 7.1	Policies on Risk Oversight and Management of Material Business Risks	Yes	7.1, 7.2, Website
Recommendation 7.2	Risk Management and Internal Control	Yes	7.1, 7.2, Website
Recommendation 7.3	Attestations by CEO and CFO	Yes	7.3
Recommendation 7.4	Reporting on Principle 7	Yes	7.1, 7.2, 7.3, Website
Principle 8	**Remunerate fairly and responsibly**		
Recommendation 8.1	Establishment of Remuneration Committee	Yes	8.1, 8.2, Website
Recommendation 8.2	Structure of Remuneration Committee	Yes	8.1, 8.2
Recommendation 8.3	Non-Executive Director remuneration and; Executive Director and Senior Executive remuneration	Yes	8.3, 8.4
Recommendation 8.4	Reporting on Principle 8	Yes	8.1, 8.2, 8.3, 8.4, 8.5, Website

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Carbon Conscious Limited for the year ended 30 September 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
23 December 2015

L Di Giallonardo
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2015

		CONSOLIDATED	
	Note	**12 months ended 30 September 2015**	**12 months ended 30 September 2014**
		$	**$**
Revenue	2	3,072,278	2,655,231
Operating expenses		(699,296)	(673,384)
Administrative expenses		(269,881)	(589,497)
Marketing expenses		(65,097)	(21,047)
Employee benefits expense		(766,962)	(619,176)
Occupancy expense		(173,960)	(213,301)
Financing expenses		(229,980)	(366,168)
Depreciation and amortisation expense		(889,230)	(735,301)
Share-based payments		(56,472)	-
Other expenses	2	343,245	(2,477,445)
Profit / (loss) before income tax benefit		**264,645**	**(3,040,088)**
Income tax (expense)/benefit	3	(173,435)	1,194,110
Profit / (loss) attributable to members of the parent entity		**91,210**	**(1,845,978)**
Other comprehensive income			
Items which may subsequently be reclassified to profit or loss			
Exchange difference on translating foreign controlled entities		16,981	(30,534)
Income tax relating to components of other comprehensive income		-	-
Other comprehensive (loss) / income for the period		**16,981**	**(30,534)**
Total comprehensive (loss) / income attributable to members of the parent entity		**108,191**	**(1,876,512)**
Basic earnings/(loss) per share (cents per share)	4	0.08	(1.77)
Diluted earnings/(loss) per share (cents per share)		0.08	(1.77)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2015

		CONSOLIDATED	
	Note	**30 September 2015**	**30 September 2014 (restated)**
		$	**$**
Current Assets			
Cash and cash equivalents	6	386,831	313,055
Trade and other receivables	7	595,473	577,592
Income tax refundable	3	419,273	281,055
Investments	8	13,824	13,824
Other assets	9	232,906	414,354
Total Current Assets		1,648,307	1,599,880
Non-Current Assets			
Intangible assets	10	4,301,852	3,688,318
Property, plant and equipment	11	8,506,213	9,872,697
Inventories	12	299,184	378,671
Deferred tax asset	3	-	226,831
Total Non-Current Assets		13,107,249	14,166,517
Total Assets		**14,755,556**	**15,766,397**
Current Liabilities			
Trade and other payables	13	469,891	495,201
Interest-bearing liabilities	14	813,963	1,891,456
Total Current Liabilities		1,283,854	2,386,657
Non-Current Liabilities			
Interest-bearing liabilities	14	1,196,580	1,943,500
Deferred tax liability	3	82,904	-
Total Non-Current Liabilities		1,279,484	1,943,500
Total Liabilities		2,563,338	**4,330,157**
Net Assets		**12,192,218**	**11,436,240**
Equity			
Issued capital	15	13,984,212	13,392,896
Reserves	15	1,262,634	1,189,182
Accumulated losses		(3,054,628)	(3,145,838)
Total Equity		**12,192,218**	**11,436,240**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

		CONSOLIDATED	
		Inflows/(Outflows)	Inflows/(Outflows)
	Note	12 months ended 30 September 2015	12 months ended 30 September 2014
		$	$
Cash flows from operating activities			
Receipts from customers		3,048,645	2,701,278
Payments to suppliers and employees		(1,774,449)	(2,394,038)
Income tax refunded		-	1,138,898
Interest received		7,352	6,524
Interest paid		(248,932)	(322,633)
Net cash provided by operating activities	20	1,032,616	1,130,029
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		289,968	176,539
Net cash provided by investing activities		289,968	176,539
Cash flows from financing activities			
Proceeds from the issue of shares		655,360	36,250
Costs on the issue of shares		(64,044)	(1,732)
Repayment of convertible notes		(1,100,000)	(700,000)
Repayment of bank bill facilities		(755,000)	(611,500)
Repayment of finance leases		14,876	(25,299)
Net cash used in financing activities		(1,248,808)	(1,302,281)
Net increase in cash and cash equivalents		73,776	4,287
Cash and cash equivalents at beginning of year		313,055	308,768
Cash and cash equivalents at end of year	6	386,831	313,055

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	CONSOLIDATED				
	Issued capital	Accumulated losses	Share-based payment reserve	Foreign currency translation reserve	Total
	$	$	$	$	$
Balance at 1 October 2013 (restated)	13,358,379	(1,299,860)	899,869	319,847	13,278,235
Loss attributable to members	-	(1,845,978)	-	-	(1,845,978)
Foreign currency translation differences	-	-	-	(30,534)	(30,534)
Total comprehensive income for the year	-	(1,845,978)	-	(30,534)	(1,876,512)
Shares issued during the year	36,250	-	-	-	36,250
Transaction costs on shares issued during the year	(1,733)	-	-	-	(1,733)
Balance at 30 September 2014 (restated)	**13,392,896**	**(3,145,838)**	**899,869**	**289,313**	**11,436,240**
Balance at 1 October 2014 (restated)	13,392,896	(3,145,838)	899,869	289,313	11,436,240
Profit attributable to members	-	91,210	-	-	91,210
Foreign currency translation differences	-	-	-	16,981	16,981
Total comprehensive income for the year	-	91,210	-	16,981	108,191
Share based payments	-	-	56,471	-	56,471
Shares issued during the year	655,360	-	-	-	655,360
Transaction costs on shares issued during the year	(64,044)	-	-	-	(64,044)
Balance at 30 September 2015	**13,984,212**	**(3,054,628)**	**956,340**	**306,294**	**12,192,218**

The accompanying notes form part of these financial statements.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes represent those of Carbon Conscious Limited and its controlled entities (the "Group").

The financial statements were authorised for issue on 23 December 2015 by the directors of the Company.

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report of Carbon Conscious Limited complies with Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Carbon Conscious Limited as at 30 September 2015 and the results of all controlled entities for the year then ended. A controlled entity is any entity over which Carbon Conscious Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased). A list of controlled entities is contained in Note 17 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of 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 profit nor taxable profit or loss; or when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The Company and its wholly-owned Australian entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Carbon Conscious Limited.

(d) Inventories

Inventories consisting of trees and seeds are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

Cost comprises all production, acquisition and conversion costs. At the end of each period, inventory cost is evaluated based on the recoverable value and current market pricing to determine whether any write down is appropriate. To the extent that any impairment arises, losses are recognised in the period they occur. Additionally, the costs associated with producing inventories are charged to the statement of comprehensive income in the same period as the related revenues are recognised.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land is measured at cost, less any impairment losses recognised after the date of recognition.

Depreciation is calculated using the diminishing value method or straight-line basis over the estimated useful life of the assets as follows:

- Plant and equipment - 7.5% to 37.5% diminishing value
- Leasehold improvements - 6.6% to 50% straight line
- Motor vehicles - 13% to 30% diminishing value

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For land, plant and equipment, impairment losses are recognised in the statement of comprehensive income in the other expenses line item.

(ii) Revaluations

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm’s length transaction as at the valuation date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

An annual transfer from the asset revaluation reserve to retained earnings / accumulated losses is made for the difference between depreciation based on the revalued carrying amounts of the assets and depreciation based on the assets' original costs.

Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings / accumulated losses.

It is not the Company’s policy to assign any revaluation increment to land assets as they are encumbered by carbon and forestry rights.

(iii) Derecognition and Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Cash and Cash Equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(g) Financial Instruments

Recognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and has either:
  - transferred substantially all the risks and rewards of the asset, or
  - neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Classification and subsequent measurement

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the year established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments

Classification and subsequent measurement (continued)

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments

Impairment of financial assets (continued)

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs - refer Note 1(l).

Finance leased assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(i) Trade and Other Receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 7 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(j) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of Assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) Functional and Presentation Currency

The functional currency of each of the companies in the Group is measured using the currency of the primary economic environment in which that company operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(l) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except those that relate to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

(m) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised for the major business activities of the Group as follows:

- *Sale of carbon credits* – revenue from the sale of carbon credits is recognised when the Group has transferred to the buyer the significant risks and rewards of the ownership of the carbon credits.
- *Project revenue* – where the company undertakes the development of carbon sinks for third parties, revenue is recognised in proportion to the percentage completion of the project. Management related income is recognised on an accrual basis in accordance with the substance of the relevant contract.
- *Interest revenue* is recognised as it accrues, taking into account the effective yield on the financial asset.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(p) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(q) Employee Leave Benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(r) Share-based Payment Transactions

(i) Equity settled transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). To provide these benefits, the Group currently has in place an Employee Share Option Plan (ESOP), which provides benefits to directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using a Black and Scholes option pricing model, further details of which are given in Note 16.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Share-based Payment Transactions (continued)

(i) *Equity settled transactions (continued)*

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Carbon Conscious Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 4).

(ii) Cash settled transactions

The Group also provides benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Carbon Conscious Limited.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted (see Note 16). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

(s) Issued Capital

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.

(t) Earnings per Share

Basic earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential Ordinary Shares; divided by the weighted average number of Ordinary Shares and dilutive potential Ordinary Shares, adjusted for any bonus element.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Comparatives

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

(v) Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

(i) Share-based payment transactions

The Group 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 using a Black and Scholes model, using the assumptions detailed in Note 16.

(ii) Valuation of land, forestry rights and plantations

The Company reviews the value of land, forestry rights and plantations on an annual basis. A combination of external valuation processes and internal valuation models are used to assess any potential impairment of this value. The impairment testing is carried out using an estimate of future realisable values for ACCU's based on market expectations.

(iii) Tax deductibility of losses on disposal of freehold title of land

The Company claimed, as a tax deduction, losses on disposal of freehold title of land used in the establishment of plantations and subsequent generation of carbon credits. This follows a process of submitting a private binding ruling to the Australian Taxation Office and subsequent discussions with the Australian Taxation Office.

(w) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Director and other members of the Board. Reportable segments are consistent with operating segments.

(x) Interest Bearing Loans and Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects where material.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Parent Entity Financial Information

The financial information for the parent entity, Carbon Conscious Limited, disclosed in Note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Carbon Conscious Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(z) Intangible Assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a systematic basis over their estimated useful lives which reflect the pattern in which the intangible asset's future economic benefits are expected to be consumed by the entity. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Forestry and carbon rights are either held together with the freehold title of the land and as such disclosed as land assets under property, plant and equipment or, where the rights are held separately, disclosed as intangible assets. On the disposal of the freehold title, the remaining forestry and carbon rights are valued at the original cost of the freehold less the sales proceeds. The forestry and carbon rights are then amortised over the life of the contracts in place, being 40% in the first year and then 4% per annum over the remaining 15 years. The forestry and carbon rights are also impairment tested on an annual basis.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

The Company currently has no internally-generated intangible assets.

(aa) Adoption of new and revised standards

Standards and Interpretations applicable to 30 September 2015

In the year ended 30 September 2015, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 September 2015.

As a result of this review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Group accounting policies.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 2: REVENUES AND EXPENSES

	CONSOLIDATED	
	12 months ended 30 September 2015	12 months ended 30 September 2014
	$	$
(a) Revenue		
Planting income	-	196,125
Carbon sales	23,523	32,176
Land licence and management fees	2,334,976	2,290,745
Interest received	7,352	6,524
Carbon Credit Sales	642,365	119,968
Other income	64,062	9,693
	3,072,278	2,655,231
(b) Expenses		
Operating lease rental expense	123,953	206,634
(c) Other expenses		
Write down of plantation / (reversal of write-down) (i)	(168,009)	1,693,272
Write down of seed stock (i)	-	115,463
Impairment of / (reversal of impairment of) land (i)	(175,236)	668,710
	(343,245)	2,477,445

(i) Plantation inventory, comprising trees at cost and seed stock, and land associated with the plantation inventory have been adjusted in the financial year to reflect the current economic benefit in the carbon market.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 3: INCOME TAX

	CONSOLIDATED	
	12 months ended 30 September 2015	12 months ended 30 September 2014 (restated)
Current tax receivable		
Current year	41,396	(1,001,844)
Reversal of prior year timing differences	(228,473)	538,137
Deferred tax liability / asset recognised	(82,904)	226,831
Assessed loss not recognised in previous year	144,074	(44,179)
Previous year's refund not received	(293,366)	-
Total current tax receivable	(419,273)	(281,055)
Deferred tax expense		
Origination and reversal of temporary differences	(309,735)	765,674
Total deferred tax (expense)/benefit	(309,735)	765,674
Income tax expense/(benefit) recognised in profit or loss	173,435	(1,194,110)
Total income tax expenses/(benefit) recognised in profit or loss	173,435	(1,194,110)
Numerical reconciliation between tax expense and pre-tax net loss		
Profit/(loss) before tax	264,645	(3,040,088)
Income tax expense/(benefit) using the domestic tax rate of 30% (2014: 30%)	79,394	(912,026)
Difference in tax rate of foreign subsidiaries	2,579	14,242
Non-deductible expenses	85,606	176,064
Refundable tax offsets - R&D	(125,907)	(281,055)
Expenses /(benefit) of deferred tax assets not previously recognised	144,074	(44,179)
Under provided in prior periods	(12,311)	(147,156)
	173,435	(1,194,110)

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 3: INCOME TAX (continued)

	CONSOLIDATED				
	Balance 30/09/2014 (restated)	Previously unrecognised deferred balances	Recognised in Income	Recognised in equity	Balance 30/09/2015
	$	$	$	$	$
Movement in deferred tax balances during the year					
Tax losses - New Zealand	100,388	-	828	-	101,216
Tax losses - Australia	886,612	-	(75,922)	-	810,690
Other timing difference	(760,170)	-	(234,642)	-	(994,810)
Net deferred tax asset/(liability)	226,830	-	(309,736)	-	(82,904)
Represented by:					
Deferred tax asset / (liability) - Australia	133,114				(165,549)
Deferred tax asset - New Zealand	93,716				82,643
	226,830				(82,904)

Carbon Conscious Limited and its wholly-owned subsidiaries in Australia are a consolidated tax group as defined under the tax consolidation legislation. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Carbon Conscious Limited.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 4: EARNINGS PER SHARE

	CONSOLIDATED	
	12 months ended 30 September 2015	**12 months ended 30 September 2014**
	Cents per share	**Cents per share**
Basic earnings/(loss) per share	0.08	(1.77)
Diluted earnings/(loss) per share	0.08	(1.77)
The earnings and weighted average number of Ordinary Shares used in the calculation of basic earnings/(loss) per share are as follows:		
	$	**$**
Profit/(Loss) for the year	91,210	(1,845,978)
	No.	**No.**
Weighted average number of Ordinary Shares outstanding during the period used in calculating basic EPS	116,295,461	104,831,988
Weighted average number of Ordinary Shares outstanding during the period used in calculating diluted EPS	116,295,461	104,831,988

NOTE 5: SEGMENT REPORTING

The Group has two reportable segments, as described below, which are the Group's strategic divisions. These divisions offer different products and services, and are managed separately as they require different expertise, marketing strategies and fall under different jurisdictions. For each of the strategic divisions, the Executive Director and other directors review internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- Australia – Includes the planting of mallee trees in low rainfall areas of the wheat-belt of Western Australia to produce carbon credits.
- New Zealand – Includes the planting of pine trees in Northern New Zealand to produce carbon credits under the Emissions Trading Scheme in New Zealand.

Information regarding the results of each reportable segment is included below. Performance is measured on net profit/loss before taxation as detailed in the management reports presented to the Executive Director and other directors.

Major customers

The Group has one customer to whom it provides goods and services where the revenue from this customer was in excess of 10% of the Group's revenue for the year ended 30 September 2015. This customer generated 72.7% (30 September 2014: 79.4%) of the Group's revenue for the period.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 5: SEGMENT REPORTING (continued)

12 months ended 30 September 2015	Australia	New Zealand	Eliminations	Consolidated
	$	$	$	$
Revenue				
Sales to external customers	2,358,499	0	-	2,358,499
Other revenues from external customers	332,834	373,593	-	706,427
Interest revenue	7,352	0	-	7,352
Total segment revenue	2,698,685	373,593	-	3,072,278
Expenses				
Cost of sales	447,107	252,189	-	699,296
Interest expense	229,752	228	-	229,980
Depreciation and amortisation	877,038	12,192	-	889,230
Other costs	751,207	237,920	-	989,127
Total segment expenses	2,305,104	502,529	-	2,807,633
Net profit before tax	393,581	(128,936)	-	264,645
Income tax expense	(160,444)	(12,991)	-	(173,435)
Net profit after tax	**233,137**	**(141,927)**	**-**	**91,210**
Foreign exchange translation	-	16,981	-	16,981
Total comprehensive income	**293,667**	**(124,946)**	**-**	**108,191**
Segment assets				
Current assets	1,614,232	34,075	-	1,648,307
Non-current assets	10,522,370	2,584,879	-	13,107,249
Total segment assets	12,136,602	2,618,954	-	14,755,556
Segment liabilities				
Current liabilities	1,244,876	38,978	-	1,283,854
Non-current liabilities	1,279,484	-	-	1,279,484
Total segment liabilities	2,524,360	38,978	-	2,563,338
Net segment assets	**9,612,242**	**2,579,976**	**-**	**12,192,218**
Capital expenditure	44,710	-	-	44,710
Cash flow information				
Net cash flow from operating activities	733,582	299,034		1,032,616
Net cash flow from investing activities	577,505	(287,537)	-	289,968
Net cash flow from financing activities	(1,248,808)	0	-	(1,248,808)
Net increase / (decrease) in cash	62,279	11,497	-	73,776
Cash at beginning of period	290,478	22,577	-	313,055
Cash at end of period	**352,757**	**34,074**	**-**	**386,831**

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 5: SEGMENT REPORTING (continued)

12 months ended 30 September 2014	Australia	New Zealand	Eliminations	Consolidated
	(restated) $	$	$	(restated) $
Revenue				
Sales to external customers	2,519,046	-	-	2,519,046
Other revenues from external customers	85,907	43,754	-	129,661
Interest revenue	6,524	-	-	6,524
Total segment revenue	2,611,477	43,754	-	2,655,231
Expenses				
Cost of sales	634,319	39,066	-	673,385
Interest expense	363,889	2,279	-	366,168
Depreciation and amortisation	722,807	12,494	-	735,301
Other costs	3,218,452	702,013	-	3,920,465
Total segment expenses	4,939,467	755,852	-	5,695,319
Net loss before tax	(2,327,990)	(712,098)	-	(3,040,088)
Income tax benefit	1,156,026	38,084	-	1,194,110
Net loss after tax	**(1,171,964)**	**(674,014)**	**-**	**(1,845,978)**
Foreign exchange translation	-	(30,534)	-	(30,534)
Total comprehensive loss	**(1,171,964)**	**(704,548)**	**-**	**(1,876,512)**
Segment assets				
Current assets	1,577,301	22,579	-	1,599,880
Non-current assets	11,408,022	2,758,495	-	14,166,517
Total segment assets	12,985,323	2,781,074	-	15,766,397
Segment liabilities				
Current liabilities	2,364,771	21,886	-	2,386,657
Non-current liabilities	1,943,500	-	-	1,943,500
Total segment liabilities	4,308,271	21,886	-	4,330,157
Net segment assets	**8,677,052**	**2,759,188**	**-**	**11,436,240**
Capital expenditure	15,880	-	-	15,880
Cash flow information				
Net cash flow from operating activities	1,441,644	(311,615)		1,130,029
Net cash flow from investing activities	(146,823)	323,362	-	176,539
Net cash flow from financing activities	(1,296,026)	(6,255)	-	(1,302,281)
Net increase/(decrease) in cash	(1,205)	5,492	-	4,287
Cash at beginning of period	291,683	17,085	-	308,768
Cash at end of period	**290,478**	**22,577**	**-**	**313,055**

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 6: CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	30 September 2015	30 September 2014
	$	$
Cash at bank and on hand	386,831	313,055

Cash at bank earns interest at floating rates based on daily bank deposit rates.

NOTE 7: TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	30 September 2015	30 September 2014
	$	$
Current		
Trade receivables (i)	14,260	6,796
Accrued income	581,213	570,796
	595,473	577,592

(i) Trade receivables are non-interest bearing and are generally on 14 to 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment loss has been recognised by the Company for the last three months (30 September 2014: nil).

At the 30 September, the ageing analysis of trade receivables is as follows:

0 – 30 days	3,574	5,269
31 – 60 days	-	-
61 – 90 days, past due not impaired	9,159	-
61 – 90 days, considered impaired	-	-
+ 91 days, past due not impaired (ii)	1,527	1,527
+ 91 days, considered impaired	-	-
Total	14,260	6,796

NOTE 8: INVESTMENTS

	CONSOLIDATED	
	30 September 2015	30 September 2014
	$	$
Investment in Rumble Resources Limited	13,824	13,824
	13,824	13,824

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 9: OTHER ASSETS

	CONSOLIDATED	
	30 September 2015	30 September 2014
	$	$
Prepayments	76,406	109,414
Loan to Broadacre Asset Management	6,500	-
Security Deposit on sub-lease	-	59,940
Land debtors	150,000	245,000
	232,906	414,354

NOTE 10: INTANGIBLE ASSETS

	CONSOLIDATED		
	Total	Forestry Rights	Other
	$	$	$
Cost			
Balance at 1 October 2013	6,915,246	6,915,246	-
Reclassification on sale of freehold land title	760,102	760,102	-
Reclassification from operating leases disclosed under other assets in prior years	-	-	-
Foreign exchange revaluation	-	-	-
Balance at 30 September 2014	**7,675,348**	**7,675,348**	**-**
Balance at 1 October 2014	7,675,348	7,675,348	-
Reclassification on sale of freehold land title	1,359,514	1,359,514	-
Development costs	113,942	-	113,942
Foreign exchange revaluation	6,310	6,310	-
Balance at 30 September 2015	**9,155,114**	**9,041,172**	**113,942**
Accumulated amortisation and impairment losses			
Balance at 1 October 2014	3,348,397	3,348,397	-
Amortisation for the period	638,633	638,633	-
Foreign exchange revaluation	-	-	-
Balance at 30 September 2014	**3,987,030**	**3,987,030**	**-**
Balance at 1 October 2014	3,987,030	3,987,030	-
Amortisation for the period	863,833	863,833	-
Foreign exchange revaluation	2,399	2,399	-
Balance at 30 September 2015	**4,853,262**	**4,853,262**	-
Carrying amounts			
At 30 September 2014	**3,688,318**	**3,688,318**	**-**
At 30 September 2015	**4,301,852**	**4,187,910**	**113,942**

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment	Motor Vehicles	Land	Total
	$	$	$	$
12 months ended 30 September 2015				
Cost	221,133	63,453	10,425,777	10,710,363
Accumulated depreciation	(144,544)	(24,412)	(668,710)	(837,666)
As at 1 October 2014, net of accumulated depreciation	76,589	39,041	9,757,067	9,872,697
Additions	2,711	41,999	-	44,710
Disposals	(7,535)	(28,132)		(35,667)
Reclassification to forestry rights on disposal of freehold land title	-	-	(1,564,514)	(1,564,514)
Depreciation charge for the year	(18,222)	(7,175)	-	(25,397)
Impairment of Land - reversal	-	-	175,236	175,236
Foreign exchange revaluation			39,148	39,148
At 30 September 2015 net of accumulated depreciation	53,543	45,733	8,406,937	8,506,213
12 months ended 30 September 2014				
Cost	475,522	109,688	11,528,704	12,113,914
Accumulated depreciation	(188,825)	(35,132)	-	(223,957)
As at 1 October 2013, net of accumulated depreciation	286,697	74,556	11,528,704	11,889,957
Additions	4,780	11,100	-	15,880
Disposals	(130,888)	(29,502)		(160,390)
Reclassification to forestry rights on disposal of freehold land title	-	-	(1,117,483)	(1,117,483)
Depreciation charge for the year	(84,066)	(17,173)	-	(101,239)
Impairment of Land	-	-	(668,710)	(668,710)
Foreign exchange revaluation	66	60	14,556	14,682
At 30 September 2014 net of accumulated depreciation	76,589	39,041	9,757,067	9,872,697
At 30 September 2015				
Cost	197,132	49,799	8,900,412	9,147,343
Accumulated depreciation and impairment	(143,590)	(4,066)	(493,474)	(641,130)
Net carrying amount	53,542	45,733	8,406,938	8,506,213
At 30 September 2014				
Cost	221,133	63,453	10,425,777	10,710,363
Accumulated depreciation and impairment	(144,544)	(24,412)	(668,710)	(837,666)
Net carrying amount	76,589	39,041	9,757,067	9,872,697

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 12: INVENTORIES

	CONSOLIDATED	
	30 September 2015	**30 September 2014**
	$	**$**
Plantations at cost	1,514,689	1,857,717
Less: Write down	(1,237,069)	(1,693,272)
	277,620	164,445
Seed stock at cost	352,608	352,608
Less: Write down	(334,978)	(334,978)
	17,630	17,630
New Zealand Carbon Credits	3,934	196,596
	299,184	378,671

NOTE 13: TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	30 September 2015	**30 September 2014**
Current	**$**	**$**
Trade payables	72,803	113,141
Employee benefits accrual	69,761	30,751
GST Payable	40,100	35,790
Sundry payables and accrued expenses	287,227	315,519
	469,891	495,201

Trade payables are non-interest bearing and are normally settled on 30-day terms.
Information regarding the effective interest rate and credit risk of current payables is set out in Note 19.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 14: INTEREST BEARING LIABILITIES

	CONSOLIDATED	
	30 September 2015	**30 September 2014**
	$	**$**
Current		
Secured		
Bank Bills	580,000	555,000
Lease liabilities (note 22)	10,453	27,429
	590,453	582,429
Unsecured		
Convertible note	200,000	1,300,000
Insurance loan	23,510	9,027
	223,510	1,309,027
	813,963	1,891,456
Non-Current		
Secured		
Bank Bill	1,163,500	1,943,500
Lease liabilities (note 22)	33,080	-
	1,196,580	1,943,500
Total current and non-current secured liabilities:		
Bank Bill	1,743,500	2,498,500
Lease liabilities	43,533	27,429
	1,787,033	2,525,929
Carrying amounts of non-current assets pledged as security:		
Fixed and floating charge over assets	12,533,554	13,445,385
Bank Bill		
Facility	1,743,500	2,498,500
Drawn	1,743,500	2,498,500

Collateral provided

Lease liabilities are secured by the underlying leased assets.

The bank bill (fully drawn with principal and interest repayable over 7 years) is secured by a first registered mortgage over certain freehold properties owned by the Group together with a floating charge over all of the assets of Carbon Conscious Limited including its subsidiaries. Covenants imposed by the bank require the Group to maintain a net worth of at least $4.5m and a net worth of no less than 55% of tangible assets.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 14: INTEREST BEARING LIABILITIES (continued)

The convertible note facility of $2M which is fully drawn at the reporting date has the following terms:

- Funding term for $1M ends 14 January 2013 and the remaining $1M on 14 July 2013
- A coupon rate of 10% per annum was paid in equity up to the date of the original funding term
- The Company may redeem the Notes at any time during the Funding Term
- Prior to expiry of the Funding term, the Noteholder has the option to:
  - Extend the funding term;
  - Require the Company to redeem the Notes for the face value of $100,000 each;
  - Convert the Notes to shares at the lower of $0.12 per share or 10% discount to the 5 day volume weighted average price prior to the conversion date
- The shareholders had already given approval for the Notes to convert and for the 1,000,000 unlisted options granted to the Noteholder as part of the transaction. The unlisted options were exercisable at 20 cents each on or before 31 July 2014.

On 18 November 2014, the Company received a letter from the Convertible Note Holder confirming that:

- the Noteholder did not intend to convert the convertible notes to equity and is seeking repayment as soon as possible;
- whist the agreed repayment time for the convertible notes has expired, the Company was not in default and that the Noteholder was prepared to work with the Company to arrange an orderly repayment via a combination of asset sales, capital raisings and cashflow;
- the Noteholder was prepared to work on an orderly repayment from the Company, however the timeframe to complete should be by 30 November 2015; and
- the Noteholder expected to be updated regularly by the Company as to the status of the repayment

At 30 September 2015, the note had been reduced to $200,000.

On 2 November 2015, the Company announced that it has repaid all its outstanding convertible notes to Aroona Management Pty Ltd. The $2 million convertible notes provided by Aroona were drawn down around July 2012 by the Company for the purpose of completing the 2012 planting program and subsequent working capital requirements. The remaining bank debt of around $1.7 million will be funded via CBA and this will be reduced to $1.5 million by December 2015, and completely paid out on a business as usual scenario by September 2016.

NOTE 15: ISSUED CAPITAL AND RESERVES

			CONSOLIDATED	
			30 September 2015	30 September 2014
			$	$
Issued capital				
137,599,988 (30 September 2014: 104,831,988) fully paid Ordinary Shares			13,984,212	13,392,896
	12 months ended 30 September 2015	**12 months ended 30 September 2015**	**12 months ended 30 September 2014**	**12 months ended 30 September 2014**
Movement in Ordinary Shares on issue	**No.**	**$**	**No.**	**$**
At beginning of the financial reporting period	104,831,988	13,392,896	103,381,988	13,358,379
Shares issued on 26 March 2014			1,450,000	36,250
Shares issued on 11 May 2015	7,341,232	146,825		
Shares issued on 28 May 2015	18,866,768	377,335		
Shares issued on 28 May 2015	6,060,000	121,200		
Shares issued on 16 September 2015	500,000	10,000		
Share issue costs	-	(64,044)		(1,733)
At 30 September 2015	137,599,988	13,984,212	104,831,988	13,392,896

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 15: ISSUED CAPITAL AND RESERVES (continued)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

Reserves	12 months ended 30 September 2015	12 months ended 30 September 2014
Share based payment reserve		
At beginning of financial reporting period	899,869	899,869
Share based payments	56,471	-
At end of financial reporting period	956,340	899,869
Foreign currency translation reserve		
At beginning of financial reporting period	289,313	319,847
Foreign currency translation differences	16,981	(30,534)
At end of financial reporting period	306,294	289,313
Total	1,262,634	1,189,182

Share based payment reserve

This reserve is used to record the value of equity benefits provided to directors and Executives as part of their remuneration and to related parties in consideration for the establishment and ongoing promotion of the Group's activities. Details of all options on issue by the Company are disclosed in Note 16.

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign subsidiary.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 16: SHARE BASED PAYMENTS

The following table illustrates the number (No.) and weighted average exercise prices of, and movements in, share options issued during the year:

	12 months ended 30 September 2015		12 months ended 30 September 2014	
	No.	Weighted average exercise price	No.	Weighted average exercise price
Outstanding at the beginning of the reporting period	-	-	4,550,000	$0.24
Granted during the reporting period	11,250,000	$0.05	-	-
Cancelled during the reporting period	-	-	-	-
Exercised during the reporting period	-	-	-	-
Expired during the reporting period	-	-	(4,550,000)	$0.24
Outstanding at the end of the reporting period	11,250,000	$0.05	-	-
Exercisable at the end of the reporting	11,250,000	$0.05	-	-

The weighted average remaining contractual life for the share options outstanding as at 30 September 2015 is 1.61 years (30 September 2014: Nil).

The outstanding balance as at 30 September 2015 is represented by:

- 8,250,000 options over Ordinary Shares with an exercise price of $0.045 each, exercisable until 31 January 2017
- 3,000,000 options over Ordinary Shares with an exercise price of $0.06 each, exercisable until 31 January 2018

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black and Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used:

	12 months ended 30 September 2015	
	4.5c shares	6c shares
Volatility (%)	100	100
Risk-free interest rate (%)	2.1	2.1
Expected life of option (years)	1.22	1.43
Exercise price (cents)	4.5	6
Weighted average share price at grant date (cents)	0.007	0.008
Discount for lack of marketability (%)	35	35

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 16: SHARE BASED PAYMENTS (continued)

The range of exercise prices for options outstanding at the end of the year was $0.045-$0.06 (30 September 2014: Nil).

The weighted average fair value of options granted during the year was $0.05 (30 September 2014: Nil).

NOTE 17: CONTROLLED ENTITIES

Subsidiaries of Carbon Conscious Limited			
Name	**Country of incorporation**	**Ownership interest**	
		12 months ended 30 September 2015	**12 months ended September 2014**
Carbon Fund Australia Pty Ltd	Australia	100%	100%
Carbon Management Pty Ltd	Australia	100%	100%
CCF Holdings NSW Pty Ltd	Australia	100%	100%
Carbon Conscious New Zealand Ltd	New Zealand	100%	100%
Carbon Conscious Holdings NZ No.1 Limited	New Zealand	100%	100%

NOTE 18: AUDITOR'S REMUNERATION

The auditor of Carbon Conscious Limited is HLB Mann Judd.

	CONSOLIDATED	
	12 months ended 30 September 2015	**12 months ended 30 September 2014**
	$	**$**
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial report of the entity and any other entity in the Group	43,000	39,000

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 19: FINANCIAL INSTRUMENTS

(i) Capital Risk Management

The Group's activities may expose it to a variety of risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's overall strategy remains unchanged from 30 September 2014.

(ii) Categories of Financial Instruments

	CONSOLIDATED	
	30 September 2015	30 September 2014
	$	$
Financial assets		
Trade and other receivables	595,473	577,592
Cash and cash equivalents	386,831	313,055
Total financial assets	982,304	890,647
Financial liabilities		
Trade and other payables	469,891	495,201
Other financial liabilities	2,010,543	3,834,956
Total financial liabilities	2,480,434	4,330,157
Net financial liabilities	(1,498,130)	(3,439,510)

During the financial year no loans or receivables were revalued through profit or loss.

(iii) Market Risk

The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The carbon market is a newly developing market and as such there are limited avenues to negate market risk in traditional manners. The Group monitors and understands movements within the market on a daily basis.

(iv) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparty is a bank with a high credit rating assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 19: FINANCIAL INSTRUMENTS (continued)

(v) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(vi) Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturity for its financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
12 months ended 30 September 2015						
Non-interest bearing	-	469,891	-	-	-	-
Finance leases	5.15	1,038	2,075	9,339	34,252	-
Other fixed rate instruments	8.00	4,589	9,177	11,770	-	-
Bank bill	7.10	-	173,091	406,909	1,163,500	-
Convertible notes	10.00	200,000	-	-	-	-
		675,518	184,343	428,018	1,197,752	-
12 months ended 30 September 2014						
Non-interest bearing	-	495,201	-	-	-	-
Finance leases	7.72	1,484	4,453	22,136	-	-
Other fixed rate instruments	6.58	3,254	6,508	-	-	-
Bank bill	7.00	-	170,284	552,495	2,386,074	-
Convertible notes	10.00	1,300,000	-	-	-	-
		1,799,939	181,245	574,631	2,386,074	-

(vii) Fair Value of Financial Instruments

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 19: FINANCIAL INSTRUMENTS (continued)

(viii) Interest Rate Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable rate instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- Net result before tax would decrease by $9,524 (30 September 2014: decrease by $18,094) or increase by $9,524 (30 September 2014: increase by $18,094). This is attributable to the Group's exposure to interest rates on its variable rate instruments.
- Total equity would increase by $9,524 (30 September 2014: decrease by $18,094) or decrease by $9,524 (30 September 2014: increase by $18,094) attributable to the Company's exposure to interest rates on its variable rate instruments.

NOTE 20: CORRECTION OF PRIOR PERIOD ERROR

The deferred tax asset balance and accumulated losses have been restated from the numbers stated in the financial statements for the year ended 30 September 2014 as below:

	CONSOLIDATED		
	2014	Adjustment	2014 restated figures
Deferred tax asset	1,230,676	(1,003,845)	226,831
Accumulated losses	(2,141,993)	(1,003,845)	(3,145,838)

The change is due to an error discovered in the treatment of temporary income tax differences as at 30 September 2013.

NOTE 21: CASH FLOW INFORMATION

Reconciliation of profit / (loss) for the year to net cash flows from operating activities

	CONSOLIDATED	
	12 months ended 30 September 2015	3 months ended 30 September 2014
	$	$
Profit/(loss) for the reporting period	91,210	(1,845,978)
Loss on sale of fixed assets	987	282,595
Employee leave benefits	15,932	(21,345)
Depreciation and amortisation expense	889,231	735,301
Share based payments	56,472	-
Impairment of assets/(reversal of impairment)	(175,236)	668,710
Finance costs	1,226	6,135
Taxation (refund)	173,435	(987,415)
Decrease/(increase) in inventories	(112,782)	1,812,130
Decrease / (increase) in receivables	(240,483)	40,240
Increase in trade and other payables	177,514	124,754
Decrease in other assets	155,110	314,902
Net cash provided by operating activities	1,032,616	1,130,029

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 22: KEY MANAGEMENT PERSONNEL (KMP) REMUNERATION

Refer to the Remuneration Report contained within the Directors' Report for details of remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 September 2015.

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

	CONSOLIDATED	
	12 months ended 30 September 2015	3 months ended 30 September 2014
	$	$
Short-term employment benefits	601,250	589,816
Post-employment benefits	42,330	42,019
Share based payments	45,710	-
	689,290	631,835

NOTE 23: COMMITMENTS

(a) Operating Commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows:

	CONSOLIDATED	
	12 months ended 30 September 2015	3 months ended 30 September 2014
Payable:	$	$
Within one year	49,657	101,387
After one year but not more than five years	30,570	6,300
Total minimum lease repayments	80,227	107,687

These lease commitments encompass office rent and office equipment under an operating lease

(b) Finance Lease Commitments

The Company has a finance lease for one motor vehicle. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	CONSOLIDATED	
	12 months ended 30 September 2015	3 months ended 30 September 2014
Payable:	$	$
Within one year	12,452	28,074
After one year but not more than five years	34,252	-
Total minimum lease repayments	46,704	28,074
Less amounts representing finance charges	(4,209)	(645)
Present value of minimum lease payments	42,495	27,429

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 23: COMMITMENTS (continued)

(c) Capital Commitments

The Company had no capital commitments at balance date that are not included as liabilities in the Statement of Financial Position (30 September 2014: $Nil).

NOTE 24: PARENT ENTITY DISCLOSURES

	CONSOLIDATED	
	30 September 2015	**30 September 2014**
Financial position	**$**	**$**
Assets		
Current assets	10,303,347	12,263,313
Non-current assets	4,495,876	3,481,197
Total assets	14,799,223	15,744,510
Liabilities		
Current liabilities	1,244,877	2,364,770
Non-current liabilities	1,362,128	1,943,500
Total liabilities	2,607,005	4,308,270
Equity		
Issued capital	13,984,212	13,392,896
(Accumulated losses) / retained earnings	(2,745,334)	(2,856,525)
Share-based payments	956,340	899,869
Total equity	12,192,218	11,436,240
Financial performance		
Profit / (loss) for the year	108,191	(1,876,512)
Total comprehensive income / (loss)	108,191	**(1,876,512)**

Carbon Conscious Limited (the parent entity) provides a performance guarantee under the Carbon Purchase Agreement in New Zealand to Carbon Conscious New Zealand Ltd (a wholly owned subsidiary).

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NOTE 25: RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial period:

Related party	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	$	$	$	$
12 months ended 30 September 2015				
Aroona Management Ltd	-	70,110	-	411,863
12 months ended 30 September 2014				
Mining Corporate Pty Ltd	-	114,884	-	-
Rumble Resources Ltd	120	1,233	-	-
Aroona Management Ltd	-	149,488	-	1,541,753

Mining Corporate Advisory Services is an entity controlled by Kent Hunter which provided CFO and Company secretarial services during the previous year.

Aroona Management Ltd is an entity controlled by Neil McBain, a director of Carbon Conscious Ltd. Aroona holds the convertible note of $200,000 disclosed in Note 14. Purchases relate to interest accrued during the year at 10% of the outstanding balance of the note. Principle repayments of $1,100,000 were made during the year.

Mr Andrew McBain is a non-executive director of Rumble Resources Ltd. The sales and purchases invoices in the previous year related to recharges of shared services.

NOTE 26: CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 30 September 2015 (30 September 2014: $Nil).

NOTE 27: EVENTS AFTER BALANCE DATE

The following event occurred after the year ended 30 September 2015:

(a) **28 October 2015** – the Company announced the completion of the Less than Marketable Parcel Share Sale Facility. A total of 1,512,988 shares have been purchased for a consideration of circa $51,442.

(b) **2 November 2015** – the Company announced that it has repaid all its outstanding convertible notes to Aroona Management Pty Ltd. The $2 million convertible notes provided by Aroona were drawn down around July 2012 by the Company for the purpose of completing the 2012 planting program and subsequent working capital requirements. The remaining bank debt of around $1.7 million will be funded via CBA and this will be reduced to $1.5 million by December 2015, and completely paid out on a business as usual scenario by September 2016.

(c) **9 November 2015** – the Company announced that its 100% owned subsidiary, Carbon Conscious New Zealand Ltd, had by mutual agreement with its New Zealand Unit offtake customer, terminated the contract. The offtake contract was a take and pay agreement which priced NZUs generated by CCNZ until 2032. The remaining gross value of expected NZU production under the contract was approximately NZ$8 million. The termination of the contract will have no material impact to the Company's balance sheet, profit or cash-flow.

(e) **9 December 2015** – the Company announced its intention to expand the business into the Western Australia dairy market by way of an execution of an exclusive non-binding Memorandum of Understanding with Green Lake Pty Ltd. This would establish a framework for providing a long term supply of fresh milk to China. A completed transaction would provide a first-step expansion of the Company's business into a larger, diversified agribusiness model, hence the proposal to change the Company's name to Alterra Ltd to reflect the broader scope of agricultural ambitions.

There have been no other matters or circumstances that have arisen after balance date that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Carbon Conscious Limited (the 'Company'):

   (a) the accompanying financial statements, notes and additional disclosures are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Group's financial position as at 30 September 2015 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 30 September 2015.

This declaration is signed in accordance with a resolution of the Board of Directors.

Andrew McBain
Executive Director
Carbon Conscious Limited

Dated this 23rd day of December 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Carbon Conscious Limited

Report on the Financial Report

We have audited the accompanying financial report of Carbon Conscious Limited ("the company"), which comprises the consolidated statement of financial position as at 30 September 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view 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(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies 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. Those 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 judgement, 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 Group'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 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Carbon Conscious Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 September 2015 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(a).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 September 2015. 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 Carbon Conscious Limited for the year ended 30 September 2015 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
23 December 2015

ASX ADDITIONAL INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the Company as at 18 December 2015 were as follows:

	Class of Equity Securities
Number Held as at 18 December 2015	**Fully Paid Ordinary Shares**
1 - 1,000	64
1,001 - 5,000	178,257
5,001 - 10,000	287,405
10,001 - 100,000	12,621,813
100,001 and over	124,512,449
Total	**137,599,988**

Holders of less than a marketable parcel:

- 1 – 5,6801 fully paid shares – 57
- > 5,6801 fully paid shares – 484

Substantial Shareholders

The Company has the following substantial shareholders listed in the Company's register as at 18 December 2015:

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Stoney Pastoral Co Pty Ltd <Maybenup Subscription A/C>	19,417,361	14.11
BT Portfolio Services Limited <The Graves Family A/C>	9,614,294	6.99
Aroona Management Pty Ltd <McBain Family A/C>	6,800,000	4.94

Restricted Securities

The Company has no restricted securities on issue.

Voting Rights – Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every Fully Paid Ordinary Share held.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest ordinary fully paid shareholders as at 18 December 2015 are as follows:

Rank	Name of Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	Stoney Pastoral Co Pty Ltd <Maybenup Subscription A/C>	19,417,361	14.11
2	BT Portfolio Services Limited <The Graves Family A/C>	9,614,294	6.99
3	Aroona Management Pty Ltd <McBain Family A/C>	6,800,000	4.94
4	Mac 110 Nominees Pty Ltd <The Rule 303 A/C>	4,419,056	3.21
5	Seefeld Investments Pty Ltd <The Seefeld A/C>	3,589,684	2.61
6	BT Portfolio Services	3,125,000	2.27
7	Broadacre Asset Management Ltd	2,751,706	2.00
8	Broadacre Finance Pty Ltd <The Rule 303 Super Fund A/C>	2,603,000	1.89
9	Mr Anthony Irwin Fitzgerald	2,450,000	1.78
10	Mr Christopher Neil Stevens + Mrs Nerolie Joy Stevens <Yall Super Fund A/C>	2,300,000	1.67
11	Macro Fund Services Pty Ltd	2,279,922	1.66
12	Sharic Superannuation Pty Ltd <Farris Super Fund A/C>	2,182,000	1.59
13	Salgood Pty Ltd <The Hillman A/C>	1,800,000	1.31
14	Mr Andrew John ten Seldam <ten Seldam Family A/C>	1,718,750	1.25
15	Mr Jason Peterson + Mrs Lisa Peterson <J & L Peterson S/F A/C>	1,550,000	1.13
16	Seefeld Investments Pty Ltd <Seefeld A/C>	1,512,988	1.10
17	Wilnom Pty Ltd <The Morrison Family A/C>	1,500,000	1.09
18	Green World Investments Pty Ltd	1,500,000	1.09
19	Ballybunnion Trading Co Pty Ltd	1,456,882	1.06
20	Wimalex Pty Ltd <Trio S/F A/C>	1,350,000	0.98
	Total	**73,920,643**	**53.72%**