

**PLENTEX LIMITED**

**A.C.N. 009 607 676**

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2014**

## **CORPORATE INFORMATION**

### **Directors**

Peter C Streader (Chairman & Executive Director)  
David Vinson (Executive Director)  
Daniel P Goldman (Non-Executive Director)  
Christopher L Roberts (Non-Executive Director)  
Darwin Campi (Non-Executive Director)

### **Secretary**

David J Streader

### **Registered Office**

Plentex Limited  
246 Esplanade  
BRIGHTON VIC 3186

### **Solicitors**

Quinert Rodda & Associates  
Suite 1, Level 6,  
50 Queen Street  
MELBOURNE VIC 3000

### **Accountants**

Stannards, Accountants and Advisors  
Level 1  
60 Toorak Road  
SOUTH YARRA VIC 3141

### **Auditors**

BDO East Coast Partnership  
Level 14  
140 William Street  
MELBOURNE VIC 3000

### **Principal Share Register**

Computershare Investor Services Pty Limited  
452 Johnston Street  
ABBOTSFORD VIC 3067

### **Incorporation**

Australia

### **Stock Exchange Listing**

Plentex Limited shares are quoted on the Australian Securities Exchange (ASX Code: PRM)

### **Website**

[www.plentex.com.au](http://www.plentex.com.au)

**Directors' Report**

The Directors of Plentex Limited and its controlled entities (referred to hereafter as the 'consolidated entity') submit herewith the financial report for the financial year ended 30 June 2014.

**Directors**

The names of the Directors in office since the start of the financial year and up to the date of this report are:–

- Peter C Streader (Appointed 23 January 1998)
- Daniel P Goldman (Appointed 22 January 2011)
- David Vinson (Appointed 22 January 2011)
- Christopher L Roberts (Appointed 18 August 2006)
- Darwin Campi (Appointed 22 November 2006)

Mr Peter C Streader and Mr Daniel P Goldman have held the positions of Executive Chairman and Managing Director respectively of the Company since the start of the financial year up to 22 May 2015.

Mr. Goldman resigned as Managing Director of the Company on that date in order to focus on his role as Managing Director of Xerion Limited. He continues as a Non-Executive Director of Plentex Limited.

Mr David J Streader has held the position of Company Secretary since the start of the financial year.

Particulars of Directors' qualifications and experience are set out on pages 6 to 8 of this report, and details of their share and option holdings in the Company at the date of this report, are set out on page 4 of this financial report. The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year were:–

Name of Director	Special Responsibilities	Number eligible to attend	Number attended
Peter C Streader	Executive Chairman	5	5
David Vinson	Executive Director	5	5
Daniel P Goldman	Non-Executive Director	5	5
Christopher L Roberts	Non-Executive Director	5	4
Darwin Campi	Non-Executive Director	5	5

**Directorships of listed companies**

Positions as a Director of listed companies other than Plentex Limited currently held or previously held within the past three years are as follows:

	Currently Held	Previously Held
Peter C Streader	-	-
Daniel P Goldman	-	-
Christopher L Roberts	-	Orion Gold NL
David Vinson	-	-
Darwin Campi	-	-

## **Directors' Report (cont'd)**

### **DIRECTORS' INTERESTS**

Particulars of Directors' interests in shares and options of Plentex Limited as at the date of this report are as follows:

		Beneficially Owned (Held directly or indirectly)		Not Beneficially Owned (Held by Companies in which Directors may have voting or some dispositive power)	
		Performance Shares	Options	Shares	Options
Peter C Streader	Shares 3,355,857	-	-	32,000	-
Daniel P Goldman	1,424,848	-	-	-	-
David Vinson	1,424,848	-	-	-	-
Christopher L Roberts	24,375	-	-	-	-
Darwin Campi	2,056,400	-	-	40,000	-

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company and its controlled entities (the economic entity) during the course of the 2013 and 2014 financial years has been the advancement of plans to produce macro and micro algae for use in functional foods, nutraceuticals, pharmaceuticals, cosmeceuticals, chemicals, aquafeeds, stockfeeds, supplements and potentially biofuels.

### **REVIEW OF OPERATIONS**

#### **Proposed acquisition of Biovite business**

The Company's major focus during the financial year ended 30 June 2014 revolved around its efforts to acquire the business of Biovite Australia Pty Ltd.

In mid 2013, Plentex Directors formed the view that the acquisition of this business would accelerate the development of Plentex's algae based business plan and provide the Company with a platform from which to market its proposed algae derived high value products.

Biovite was established in 2001 and is based on the Gold Coast, Queensland, Australia. Since establishment, Biovite has undertaken a program of Research and Development into the activity, efficacy and safety of its algae derived bioactive, which has strong anti-fungal and other beneficial properties. This bioactive has applications for a variety of dermatological conditions of the nails and skin in humans. The bioactive also has potential applications in cosmetics, animal health and agriculture. International patents and Trade Marks are held.

Biovite has developed a range of pharmaceutical anti-fungal products currently being sold in Australia and certain overseas markets. These products have TGA approval in Australia and where required approvals in overseas markets where the products are sold.

Plentex considered that the acquisition of Biovite would bring about synergistic benefits to both businesses and allow Biovite to grow in a new environment that is well resourced, funded and has access to the expertise needed to relaunch the current product range, both in the local and already identified international markets.

After several months of negotiations Plentex signed a Non Binding Letter of Intent to acquire the business of Biovite on 23 September 2013.

**Directors' Report (cont'd)**

Under the Letter of Intent Plentex had exclusive rights to acquire the Biovite business, and to negotiate a Sale of Business Agreement, while at the same time completing due diligence.

A detailed Sale of Business Agreement was executed by the parties on 19 December 2013.

The consideration payable by Plentex for the acquisition was to consist of a combination of \$2,500,000 cash, 5,100,000 fully paid ordinary shares in Plentex and 2,550,000 options exercisable at \$0.30 to acquire fully paid ordinary shares expiring 31 July 2016.

The cash consideration was to be subject to adjustments (plus or minus) at completion to reflect changes in stock on hand etc. An amount of \$50,000 plus accrued interest (being the repayment of a loan) was also payable to a related party of Biovite.

Completion of the agreement was to take place on or before 31 March 2014 and was subject to satisfaction of a number of conditions precedent including in particular Plentex raising a minimum of \$6,500,000 under a prospectus and the ASX providing conditional approval to the reinstatement of Plentex shares to quotation on the ASX.

On 31 March 2014 the "sunset date" for completion was extended by a Deed of Variation entered into by the parties, from 31 March 2014 to 30 May 2014. As consideration for this extension, Plentex paid Biovite Australia Pty Ltd a non-refundable sum of \$30,000.

In order to complete the acquisition of the Biovite business, Plentex was required to raise a minimum of \$6,500,000 by the extended "sunset date".

Discussions with potential brokers and investors revealed that many of them were concerned that Plentex's acquisition of the Biovite business did not sit comfortably with Plentex's other activities in particular its proposed aquafeed production businesses, and tended to create a complicated and confusing investment scenario. Concern was also raised that the terms of Plentex's then proposed capital raising placed too high a valuation on Plentex whose assets are largely of an intangible nature.

After carefully reviewing these concerns the Directors of Plentex formed the view that it would be prudent to split Plentex's business activities, and formed a new company called Biovite Limited to be the vehicle for the acquisition of the Biovite business.

To facilitate this restructuring, Plentex agreed to assign to Biovite Limited the Sale of Business Agreement pursuant to which it planned to acquire the business of Biovite Australia, and to also assign to it a portfolio of projects and intellectual property which Plentex has been pursuing with a view to developing and commercialising a range of natural efficacious algae derived products for the health care and pharmaceutical markets.

As consideration for acquiring this portfolio and the assignment to it of the Biovite Australia Sale of Business Agreement, Biovite Limited issued to Plentex 6,000,000 fully paid ordinary shares in its capital and 3,000,000 free attaching options which are exercisable at \$0.30 (30 cents) at any time prior to 30 December 2016. In addition, Biovite Limited also assumed liability to pay outstanding amounts payable by Plentex with respect to the portfolio totalling \$276,000.

On 31 May 2014, Plentex and Biovite Limited entered into a Deed of Variation, Assignment and Guarantee with Biovite Australia Pty Ltd by virtue of which the new company agreed to purchase the business of Biovite Australia on essentially the same terms as applied to the original planned purchase by Plentex. The "sunset date" for completion under this Deed was extended to 31 July 2014 or such later date as the parties might agree. As consideration for Biovite Australia Pty Ltd agreeing to the assignment of the Sale of Business Agreement to Biovite Limited, Plentex agreed to issue to Biovite Australia Pty Ltd at completion of the Biovite Australia business acquisition, 1,500,000 fully paid ordinary shares. Plentex was also required to guarantee the performance by Biovite Limited of its obligations under the Deed.

As at the end of the financial year this transaction had not been completed and further developments in relation to the transaction are reported in the subsequent events section of this report on page 27 and Note 20 – Subsequent Events.

## **Directors' Report (cont'd)**

### **OTHER DEVELOPMENTS DURING THE FINANCIAL YEAR**

#### **Nutraceutical and other high value products**

##### **Plentex/SARDI – High Value Nutraceutical Project (ex microalgae)**

As previously reported, Plentex was the principal industry partner in a South Australian Premier's Science and Research Fund Round 6 (PSRF6) project, which was undertaken by Flinders University and SARDI over a four year time frame involving total expenditure of approximately \$4.2 million.

During the course of this project SARDI isolated a native strain of microalgae which thrives in saltwater with varying promising attributes in terms of growth rate, lipid content, stability of the culture, ease of culture, tolerance to varying environmental conditions and showing commercial potential in the synthesis of other high value products such as carotenoids, proteins and certain essential fatty acids. Plentex has exclusive commercial rights to this strain.

In September 2012, Plentex finalised a contract under which it proposed to engage SARDI to quantify peak carotenoid production in the wild strain of the microalgae originally isolated by SARDI, together with a few mutants developed by Flinders University researchers.

Some changes were made to the scope and timing of the project late in 2012 and the project was commenced in early February 2013. Under the revised scope of the project, SARDI was required to compare the growth and carotenoid synthesis performance of three mutant strains (M104, M341 and M635) developed by Flinders University with the wild strain in outdoor raceways, followed by production of biomass in bulk of the best performing strain harvested at the carotenoid synthesis peak.

The project was completed early in the 2014 financial year. The outdoor experiments were conducted in nine, 20 metre raceway ponds at SARDI's West Beach, Adelaide facility.

To resolve taxonomy of the wild strain, DNA sequence analysis was carried out at Plentex's request by Dr. David Nobles from the Culture Collection of Algae at the University of Texas. Based on this work, Plentex and SARDI have designated the strain as *Chloroparva*.

Very valuable information in relation to the influence of varying factors, such as temperature, salinity, dissolved oxygen and the use of various nutrients on synthesis of the selected carotenoid was gained from the trials.

It is considered that there is potential to market *Chloroparva* as a human food supplement and the acquisition of the Biovite business should provide an immediate avenue to markets once TGA approval is obtained to allow sales.

Samples of freeze dried *Chloroparva* were analysed during September/October 2013 with the objective of developing a nutritional label for this potential direct human food supplement. The results of this analytical work indicate that *Chloroparva* can compete favourably with *Spirulina* which is widely sold in Australia and many overseas countries, in terms of its nutrient content. *Chloroparva* has the added advantage of the inclusion of carotenoids (lutein and zeaxanthin) which are important for the development of and maintenance of eye health.

#### **Photobioreactor Selection Study**

Plentex considers that the commercial production of high purity, high value products from microalgae will require the use of photobioreactors for production as opposed to growing the microalgae in open ponds or open raceways.

A photobioreactor is an enclosed culture vessel that is designed to use natural or artificial light to support photosynthesis for controlled production of microalgae biomass. Photobioreactors can consist of a series of inter-linked plastic or glass tubes in horizontal or vertical configuration or suspended plastic bags.

The use of photobioreactors will minimise the possibility of contamination and will allow greater control over the various factors which impact the growth of microalgae.

## **Directors' Report (cont'd)**

Early in the financial year a consultant engaged by Plentex completed an international survey of photobioreactors which were being trialled or marketed for the production of microalgae.

This study resulted in the recommendation to Plentex of a photobioreactor manufactured in the Netherlands.

A detailed proposal for the supply of photobioreactor and ancillary equipment from this manufacturer has been obtained. During the year arrangements were negotiated with SARDI for the installation of this photobioreactor at SARDI's Aquatic Sciences facility at West Beach, Adelaide and it was proposed that SARDI operate this photobioreactor on Plentex's behalf. This activity is currently on hold.

### **Microalgae Extraction Technology**

One of the other outcomes of the PSRF6 project was the development by Flinders University personnel of an innovative technique for extracting protein and carbohydrate from microalgae biomass before and after the lipids (oils) have been extracted.

Plentex has exclusive commercialisation rights with respect to all intellectual property (IP) developed under the PSRF6 project.

Under the applicable agreement Plentex was required to take all necessary steps at its cost to protect any such IP by the lodgement of applications for patents where appropriate.

To this end Plentex was involved during September/October 2012 in the development of a new international (PCT) Patent Application – Microalgal Extraction (PCT/AU2012/001279) with respect to the technology developed by Flinders University personnel during the PSRF6 project.

In March 2013, the International Search Report (ISR) and Written Opinion from the International Secretary Authority (ISA) were received by the patent attorneys acting on Plentex's behalf. ISA's opinion was that some of the claims of the PCT application were not considered to be novel and/or involve an inventive step.

During the financial year an internal study was completed in relation to the economics of the extraction technology. Plentex also reviewed with Flinders University representatives and Plentex's patent attorney the prospects of successfully prosecuting the patent application.

In April 2014, Plentex decided not to participate in the further prosecution of the patent. However, Flinders University had lodged patent applications with respect to the extraction technology in Australia, China, Japan and the United States and in consideration of Plentex's financial and technical support Flinders University has granted Plentex the right to use the extraction process for research purposes in Australia.

### **Aquafeed Projects**

During the course of the financial year Plentex significantly increased its focus on developing aquafeed production businesses in Australia and the Philippines.

#### **Southern Bluefin Tuna Feed Project**

Plentex has been developing this project for some period and has up to this point only released limited information to shareholders in order to hopefully preserve "first mover" commercial advantage. It is now considered appropriate to provide in this report a greater level of historical and explanatory background.

Bluefin tuna aquaculture is an industry worth 100's of millions of dollars annually. Farms are located in Australia, Japan, the Mediterranean and Mexico. These businesses are currently based on "ranching" which in aquaculture terms is used to describe the fattening of "wild caught" fish in sea cages or pontoons as they are called in Australia.

**Directors' Report (cont'd)**

The tuna are fed fresh or frozen bait fish (e.g. pilchards, sardines etc.) and held in the cages until they reach marketable size. The holding time varies from place to place, primarily depending on market requirements. In the cooler regions of the Mediterranean, tuna may be held for longer than in South Australia (Port Lincoln) where the fish are caught at around 15-20kg (January/February) and fattened to 30-40kg over 6 to 8 months.

In the past 10 years or so, there has been some big investment directed to attempts to breed bluefin in order to secure reliable supply of juveniles, reduce pressure on wild stocks and to grow the industry in more certain and sustainable ways. However, it is fair to say that hatchery success has been slower than was initially expected.

In recent years there has been some notable success with Japan's Kinki University leading the hatchery charge with tens of thousands of research farm bred tuna making it through to grow out phase.

Australia's Clean Seas Tuna Ltd had some success after investing millions of dollars in R&D at its facilities at Arno Bay and Port Lincoln. Unfortunately this activity has been put on hold by Clean Seas due to the ongoing substantial financial losses it was sustaining pursuing this activity.

Hatchery development in the Mediterranean has been quickly catching up with the formation of SELFDOTT (now known as TRANSDOTT) which is a group of companies and international research groups working together with the common goal of cracking the tuna lifecycle, with the objective of producing tuna bred for human consumption on a commercial scale.

Apart from the challenges of growing tuna from hatchlings, the major hurdle that the tuna industry faces whether in "ranching" or "hatchling to grow out" is that of feed. The supply of bait fish is limited and its use for feeding tuna is seen by many as a waste of fish resources.

Importantly the use of bait fish for feed does not achieve the optimum growth rates, product quality and health outcomes that are likely to be achievable by the use of compounded feeds such as those used in the salmon farming industry.

However tuna (particularly wild fish), can be fussy eaters and have not performed well with compounded feeds. The size of the pellets required for tuna also presents some challenges when compared with the usual extrusion technology used to manufacture fish feeds.

The technique of "ranching" tuna was developed at Port Lincoln in the mid 1990's as a means of increasing the value of the local tuna catch, which was and still is, constrained by an international annual quota.

From the outset, the tuna ranchers at Port Lincoln were confronted with the challenge of feeding the caged southern bluefin tuna through the "fattening" period. Whilst there is a substantial local sardine fishery based at Port Lincoln, variability in catch rates requires supplementation by imports (frozen) with its attendant quarantine (AQIS) issues.

Substantial infrastructure was also required with the installation and ongoing operation of substantial freezers. The food conversion ratio (FCR) of southern bluefin tuna held in sea cages is estimated at between 12 and 15 kgs of bait fish for every 1 kg of increase in tuna weight (i.e. FCRs of 12.1 to 15.1).

From the early days of the Port Lincoln "tuna ranching", attention was directed to the development of a manufactured feed by research groups, feed manufacturers and the "ranching" industry. During the period 1994 to 2010 a number of feed trials were conducted by a number of aquafeed companies with in most cases disappointing results.

In mid 2012 Plentex Limited, which at that time was exploring the feasibility and economics of utilising microalgae in aquafeeds and stockfeeds, predominantly as a means of reducing or replacing expensive fish meal and fish oil inputs, contacted Wenger Manufacturing Inc. (the world's major manufacturer of high quality extrusion equipment) based in Sabetha, Kansas, USA.

Wenger in turn directed Plentex to EN Hutchinson Limited a small innovative aquafeed manufacturer based in Auckland, New Zealand.



**Directors' Report (cont'd)**

EN Hutchinson had been developing extruded broodstock feeds for large marine fish, using Wenger equipment and had formed the view that a manufactured tuna feed must be simple and cost effective to produce (unlike other feeds that had been developed to that date) and in this respect extrusion was the most appropriate production process.

It was further believed that in addition to being palatable (a given) the feed should be shelf stable without having to be dried, as the costs involved with drying large pellets could be uneconomic.

The palatability problem could be resolved through use of wet fish in the extrusion process. Wet fish included in the extrusion process increases palatability enormously, the protein is more digestible due to reducing processing and more sustainable due to reduced production energy requirements and the potential for greater utilisation of waste/by products.

The problem at this stage was that EN Hutchinson's small extruder (a Wenger X20 single screw extruder) was limited in both capacity to produce the volume required for commercial on farm growth trials and its ability to include significant percentages of wet fish in the ideal product for tuna requirements.

For several years prior to this, Wenger Manufacturing had been developing a new extrusion technology – the Thermal Twin Screw Extruder.

Wenger's successful development of the thermal twin screw extruder and supporting ancillary equipment allows for increased addition of meat slurries, use of smaller particle sizes of dry materials, increased levels of process steam, higher gelatinisation levels, and greater retention time as well as improved sanitation and waste reduction in start up and shut down modes.

Plentex and its consultants believe that the key for tuna feed production is the ability to use the high levels of aquatic meats and/or waste materials: 50-60 percent by weight and possibly higher.

In September 2012 Plentex agreed to team up with EN Hutchinson to drive forward the vision of manufacturing a cost effective tuna aquafeed which might ultimately contain some macroalgae and/or microalgae inputs.

In early 2013, Plentex commenced direct discussions with Wenger with a view to collaboration and in May 2013 engaged newly formed consultancy company ENH Ltd, as Plentex's aquafeed consultant.

In September 2013, Plentex in association with Wenger was invited to participate in a manufactured feed trial which was to be conducted by the Australian Southern Bluefin Tuna Industry Association (ASBTIA) at Port Lincoln commencing in early 2014.

The ASBTIA had also invited the giant Japanese conglomerate Itochu and Hayashikane a major Japanese aquafeed manufacturer, to take part in this trial. It is understood that Hayashikane planned to trial a compounded feed encased in a proprietary sausage skin, whereas Itochu planned to trial a mashed feed using approximately 80% minced frozen baitfish mixed with dry ingredients, fed as a semi frozen cylindrical slug.

The trial was to be conducted under the management of the ASBTIA's Research and Development Manager.

The objective of the trial was to compare the growth and condition of the tuna in each feed manufacturer's pontoon (sea cage) compared with a control pontoon of tuna fed baitfish in the traditional way.

The tuna were to be monitored on a two weekly basis and harvested at specific periods. following which they were to be assessed for final growth and condition and a market acceptance analysis carried out based on price and quality.

Plentex engaged ENH to develop a feed specification and arrangements were made to carry out a manufacturing trial at Wenger's Sabetha R&D Tech Center. The plan was to produce an initial batch of trial feed (4 to 5 tonnes) on or about 26 November 2013, followed by a 20 tonne run in January 2014 and another production run of 30 tonnes in late February 2014.

**Directors' Report (cont'd)**

During October/November 2013, the feed specification was fine-tuned from the stand point of nutrition, palatability, pellet shape and colouration.

Plentex acted as coordinator of these activities and assumed responsibility for funding the manufacturing trial and importation of the preliminary and subsequent production runs into Australia.

In early November, Plentex was advised that Hayashikane would not be participating in the trial.

The test production run was successfully carried out in late November 2013 and during this trial various process adjustments were trialled including pellet shape variations, feed specification changes, pellet drying/cooling and colouration.

Shortly prior to the test production run, advice was received that Itochu had also declined to participate in the ASBTIA feed trial.

Having regard to the decision by Hayashikane and Itochu not to participate, with the resulting financial burden that would place on ASBTIA members, the ASBTIA cancelled its proposed 2014 feed trial.

In late December 2013 the ASBTIA decided to abandon its R&D activities and terminated its Research and Development Manager's (Mr. David Ellis) employment. Plentex immediately took the opportunity of engaging Mr Ellis on a consultancy basis.

With the assistance of Mr Ellis arrangements were made for limited feed trials to be conducted at Port Lincoln in early 2014, essentially to assess whether or not southern bluefin tuna and yellowtail kingfish would eat pellets manufactured for Plentex on the Wenger thermal twin screw extruder in accordance with the feed specification that had been developed to this point.

A trial batch of tuna feed (approximately 2½ tonnes) and about a ½ tonne of a smaller size pellet for yellowtail kingfish was produced in early January 2014 at the Wenger Tech Center. This was air freighted to Adelaide and then trucked to Port Lincoln where feed trials were conducted in late February and March 2014.

The yellowtail kingfish trials, both in sea cages and land based tanks, were very successful. However the initial tuna feed trial was not, with most fish rejecting the pellets after initially taking them.

The tuna in the trial cages had already been fed baitfish (pilchards) for several weeks before the Plentex feed trial took place.

After this initial disappointment, efforts were made to identify appropriate palatants (an attractant) that could be applied to the surface of the pellets.

A number of commercially available palatants used in the pet food industry were trialled, together with some experimental palatants developed by Plentex's consultant which eventually proved to be very successful, with underwater video footage showing the tuna readily accepting the Plentex trial pellets.

Plentex's go forward plan at this point was to arrange a full scale tuna feed trial to take place in 2015 and a comprehensive yellowtail kingfish feed trial for late 2014, the focus of each to demonstrate the advantages of diets incorporating a high level of locally sourced baitfish and other fresh inputs, which would then lead hopefully to the establishment by Plentex of an aquafeed manufacturing plant incorporating Wenger equipment at Port Lincoln.

To advance this objective, detailed quotations were obtained from Wenger during April to June for two sizes of thermal twin screw extruders, to be supplied with preconditioners, dryers and other ancillary equipment. Quotations were also sought from other equipment suppliers of equipment not manufactured by Wenger for inclusion in the plant.

A Victorian based engineering company with expertise in the food industry was engaged to develop capital cost estimates for the proposed plant. A search was initiated for a suitable plant site at Port Lincoln and discussions opened with the Port Lincoln City Council regarding planning issues.

**Directors' Report (cont'd)**

A survey was also conducted in relation to the availability and pricing of various inputs that would be required for the manufacturer of the feeds.

Plentex believes that its formulated tuna feed has many advantages that should result in substantial cost savings for tuna ranchers at Port Lincoln and perhaps elsewhere including:

- Reduction in administration associated with importing baitfish - sourcing, logistics, AQIS reporting requirements for importing and traceability - includes managing biosecurity threats associated with water temperatures.
- Reduction in labour to unload containers and process feed into freezers.
- Reduction in the use of equipment such as trucks and forklifts.
- No need to operate freezers. There will possibly be a need for chiller storage.
- Feed can be loaded during working hours. No need for staff to work outside of normal hours to load vessels.
- Feed can be delivered regularly, as weather will not determine whether feed can be delivered since feeding methods allow feed to be delivered either remotely or via air or water cannon.
- More accurate feeding methods. Feed can be wasted when put into feeder cages and the tuna decide not to feed resulting in feed falling to the sea floor.
- Inefficient feed regimes caused through over or under supply of nutrients. This can lead to compensatory feeding (higher FCR) or underperforming tuna (lower condition).

Plentex considers that there will be greater emphasis placed on the purchase price of imported baitfish in the future due to increasing worldwide demand and competition for the use of baitfish as human food, increased fuel and labour costs, coupled with biosecurity risks associated with translocation and feeding of baitfish to tuna and opposition from conservation groups who view the feeding of baitfish as less sustainable than feeding formulated feeds.

Moreover in the wider context, Plentex considers that baitfish will not be a suitable form of feed for raising early stage propagated tuna, whether at Port Lincoln at some future time, or elsewhere in the world and notably Japan.

Plentex estimates that approximately 5,000 tonnes of southern bluefin tuna will be "ranched" at Port Lincoln in the 2015 season requiring somewhere between 55,000 and 60,000 tonnes of baitfish (local and imported) as feed.

The use of a manufactured feed produced to Plentex's specification could result in a FCR of 3.1 to 4.1 which would require 15,000 to 20,000 tonnes of feed to be manufactured.

**Philippines Integrated Aquaculture Project**

Plentex has been actively assessing business opportunities in the vicinity of Tacloban on the island of Leyte for several years.

Largely through the efforts of its Manager in the Philippines, the Company has developed excellent strategic business relationships with officials of the City of Tacloban, and senior personnel in the Bureau of Fisheries and Aquatic Resources and has received strong support for its plans to over time develop a fully integrated aquaculture focussed business.

The development of this project during the financial year was halted by the devastating typhoon Yolanda, which hit the City of Tacloban in early November 2013 and it was only in the last few months of the reporting period that it was possible to advance the Company's plans, due to the need for the city administration to focus on the restoration of services and humanitarian issues.

**Directors' Report (cont'd)**

Stage 1 of the Company's project involves the establishment of a rice dryer and mill, a cassava dryer and mill and a fish meal plant which will produce not only fish meal, but also fish oil.

The City of Tacloban has agreed to lease to the Company for a 25 year term a 1 hectare site for the plant with two existing buildings on it, which can be readily modified to suit the Company's requirements for offices and other purposes.

Quotations for the manufacture and installation of the relevant process units on a turnkey basis have been obtained and a construction manager has been engaged who will be supported by a Victorian based engineering group.

Preliminary financial studies suggest that the project can be very profitable and provided funding can be obtained by Plentex, the plant could be fully operational by mid 2016.

The proposed plant site is situated in an existing Philippines Economic Zone and Plentex plans to establish a Philippine incorporated subsidiary, which will seek registration of the project, so as to avail itself of the fiscal and non fiscal incentives from the Philippine Government provided by way of the Philippine Economic Zone Authority (PEZA).

The benefits that may be available include:

- an income tax holiday (ITH) of at least 4 years. This period could be 6 years if the activity qualifies as a pioneer activity and the ITH in any event can be extended by a maximum of 3 years in special circumstances;
- 5% gross income tax incentives;
- duty free importation covering equipment and raw materials;
- local business tax exemption;
- special visa arrangements for expats employed by the Philippine enterprise.

Stage 2 of the Project is to involve the installation and operation of an extrusion plant to produce high quality aquafeed using some inputs for the Stage 1 plant for the Company's own aquaculture operations with any surplus being available for export or local sales.

Stage 3 of the Project is to consist of the construction and operation of a hatchery to produce barramundi and cobia fry which will be transferred to nursery cages and then to circular floating sea cages where the fish will be grown to market size.

Cobia (*Rachycentron canadum*) is a tropical white fleshed marine species which can grow to 5kg in just under 12 months, double the speed of barramundi and triple the speed of Atlantic salmon.

It is considered one of the most promising candidates for warm water marine fish aquaculture in the world because of its excellent characteristics, a growing market, and because it is highly adaptable and tolerant of a wide range of environmental and culture conditions.

Current commercial project locations include the United States, Puerto Rico, the Bahamas, Belize, Panama and Brazil together with a recently established operation in North Queensland.

This stage of the project also involves the construction and operation of a fish processing plant to prepare the cobia grown by the Company for the export to Australia, Singapore, Hong Kong and Guam.

Early planning for Stage 2 was commenced in the latter part of the financial year together with preliminary planning for Stage 3.

**Directors' Report (cont'd)****OTHER BUSINESS ACTIVITIES****Nest Group Limited (Nest)**

During 2012, Plentex developed in conjunction with Flinders Partners Pty Ltd (Flinders Partners) (the commercial arm of Flinders University) plans for a new business focused on the commercialisation of world class technology developed within Australian universities.

In late February 2013, Plentex and Flinders Partners housed this new business in a new company called Nest Group Limited (Nest).

The business plan of Nest was to access emerging technology through strategic partnerships with select universities, working to identify, invest in, and build commercial opportunities.

Specifically, Nest decided to focus on opportunities with potential to capture a global market and grow into a major business with emphasis on the health and digital sectors.

Over the period May to September 2013, Nest acquired from Flinders Partners pursuant to conditional Share Purchase Agreements initial stakes in three companies (Clevertar Pty Ltd, Strategiize Pty Ltd and RE-TIME Pty Ltd) that had been set up by Flinders Partners to commercialise technology developed at Flinders University.

Each of these agreements was subject to a condition precedent requiring Nest to raise seed capital at not less than \$0.10 (10 cents) by not later than 30 September 2013. This date was later extended to 15 November 2013.

The purpose of this was to provide an initial suite of investments as a prelude to a planned IPO of Nest in the second half of 2014.

In early 2014 a major restructuring of Nest's business activities and management arrangements was commenced resulting in the termination of Nest's agreements to purchase shares in Clevertar Pty Ltd, Strategiize Pty Ltd and RE-TIME Pty Ltd.

Nest transferred back to Flinders Partners the shares which it contracted to buy in each of Clevertar Pty Ltd, Strategiize Pty Ltd and RE-TIME Pty Ltd, and Flinders Partners transferred fifty per cent of the shares in Nest which it had acquired as consideration to Plentex.

It was also agreed that Nest would issue to Plentex 12,800,000 fully paid ordinary shares as consideration for the extinguishment of an amount of \$256,000 invoiced to it by Plentex representing monies expended by Plentex in developing the Nest business, and a further 2,800,000 fully paid ordinary shares to Flinders Partners as consideration for the extinguishment of \$56,000 expended by Flinders Partners on Nest's behalf.

Following the completion of these transactions, Plentex held 35,709,743 fully paid ordinary shares in Nest, and Flinders Partners 23,409,743.

On 21 May 2014 a new company Nideux Limited was incorporated, with the intent that it would acquire all the shares held by Plentex and Flinders Partners in Nest and become the corporate vehicle for pursuing the commercialisation of selected technologies sourced from partner universities.

Following completion of a Share Rollover Agreement (under which Plentex shares in Nest were exchanged on a 4 Nest shares for 1 Nideux share basis) in June 2014, Plentex held 8,927,436 fully paid ordinary shares in Nideux, and Flinders Partners 5,852,436 with the result that Nest became a wholly owned subsidiary of Nideux.

**Prosthesis Pty Ltd**

During the financial year Plentex invested further funds in Prosthesis Pty Ltd bringing the total investment to date to \$105,013, representing 21.47% of the current issued capital of Prosthesis Pty Ltd. Prosthesis is a Victorian based medical device development company. It has developed concepts for a unique prosthetic knee meniscus intended to replicate the shape and functional characteristics of the human knee meniscus.

## **Directors' Report (cont'd)**

Prosthesis claims that early detection and an implementation of a prosthetic replacement will arrest the normal descent into fully developed knee osteoarthritis.

Prosthesis is developing a substantial international patent portfolio to protect its intellectual property.

A write down of the investment of \$79,229 occurred during the year to comply with Accounting Standard AASB 128, notwithstanding Plentex directors' belief that this investment has sustainable ongoing value.

## **FUNDING AND ALLIED MATTERS**

### **R&D Tax Incentive Program – AusIndustry (on behalf of Innovation Australia) and the Australian Taxation Office (ATO)**

The Company received \$276,215 on 23 September 2013 as a tax refund for eligible research and development (R&D) expenditure in relation to the development of its proposed micro/macro algae businesses during the financial year ended 30 June 2013.

The R&D Tax Incentive is a targeted program that helps business offset a portion of its costs relating to eligible R&D activities and innovation. It aims to:

- Boost competitiveness and improve productivity across the Australian economy;
- Encourage industry to conduct R&D activities that may not otherwise have been conducted;
- Provide businesses with more predictable, less complex support; and
- Improve the incentive for smaller firms to engage in R&D.

The R&D Tax Incentive is jointly administered by AusIndustry (on behalf of Innovation Australia) and the Australian Taxation Office. AusIndustry is a specialist program delivery division within the Australian Government's Department of Industry, Innovation, Science, Research and Tertiary Education.

### **Capital Raising – Placement of Shares**

During the financial year the Company issued a total of 2,065,000 fully paid ordinary shares (PRM) at an issue price of \$0.10 (10 cents) per share and a further 1,751,923 fully paid ordinary shares at an issue price of \$0.13 (13 cents).

The total funds \$484,250 raised by these placements were applied as working capital.

### **Lapse of Band C Class Performance Shares**

#### **B Class Performance Shares**

On 21 July 2013, 3,500,000 B Class Performance shares held in Plentex by the Vendors of Blue Sundial Pty Ltd lapsed as a result of the relevant Milestone applying to these performance shares not being achieved in the required time frame. The remaining B Class Performance shares on issue (1,750,000 in number) held by Flinders Partners Pty Ltd also lapsed on 13 September 2013.

#### **C Class Performance Shares**

On 21 April 2014, 12,000,000 C Class Performance held by the Vendors of Blue Sundial Pty Ltd in Plentex also lapsed as a result of the relevant Milestone applying to these performance shares not being achieved in the required time frame. The remaining C Class Performance shares on issue (6,000,000 in number) held by Flinders Partners Pty Ltd lapsed on 13 June 2014 as a result of the Milestone applying to them not being achieved in the required time frame, ie. 21 months from their date of issue.

### **Expiry of the Company's 30 November 2013 Options**

A total of 14,945,428 options which were exercisable at 25 cents per share at any time prior to 30 November 2013, expired unexercised on 30 November 2013.

## **Directors' Report (cont'd)**

### **STATE OF AFFAIRS**

In the opinion of the Directors, there were no other significant changes in the state of affairs of the economic entity that occurred during the financial year or thereafter not otherwise disclosed in this report or the financial report.

### **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this report on page 29.

### **OPTIONS**

No new options were issued during the year.

#### **Options expiring 30 November 2013 (exercise price – 25 cents)**

All options of this class on issue (14,934,428) expired on 30 November 2013.

#### **Options expiring 30 September 2014 (exercise price – 25 cents)**

No options of this class were exercised this year.

#### **Options expiry 30 November 2014 (exercise price – 30 cents)**

No options of this class were exercised this year.

### **FINANCIAL POSITION & PERFORMANCE**

The loss of the economic entity after providing for income tax amounted to \$3,026,834 (2013: \$496,642 loss).

The net assets of the economic entity have fallen by \$2,443,823 from 30 June 2013 to negative \$173,589 as at 30 June 2014. This has resulted from the operating loss for the year and the impairment of goodwill, intellectual property and other intangibles, offset to some extent by capital raising activities.

The group's working capital, being current assets less current liabilities, has deteriorated from a deficit of \$134,958 to a deficit of \$361,283.

### **DIVIDENDS PAID OR RECOMMENDED**

No dividends were paid or declared during the financial year (2013: Nil). No recommendation is made as to the payment of dividends at balance date.

## **INFORMATION ON DIRECTORS**

The Directors of the Company in office at any time during or since the end of the year are:–

### **PETER C STREADER**

#### ***Executive Chairman***

Mr. Streader is 75 years of age.

Mr. Streader has had a legal and executive management career spanning some 50 years practising as a solicitor, barrister and “in house” corporate counsel and company executive.

He spent approximately 10 years, ultimately holding the position of General Counsel and Company Secretary of the Australian subsidiary of one of the world’s leading engineering and construction contractors, USA based Fluor Corporation and played a significant role in the negotiation and execution of a number of major resource development projects in Australia including the initial Dampier to Perth Natural Gasline.

Mr. Streader has been involved in the formation, development and management of a number of public and private companies operating in the mining and petroleum exploration sectors, both domestically and internationally. He was responsible for the relisting on the ASX of Planet Resource Group NL and later Australian Gold Development NL.

He was a founding Director of Drillsearch NL (now Drillsearch Energy Limited) and Executive Director of Diamin Resources NL (now known as Senetas Corporation Limited) and served as a Non Executive Director of Senetas until February 2000.

Mr. Streader was appointed to the Board of Plenty River Corporation Limited (now Plentex Limited) in January 1998 holding initially the position of Executive Director and later Executive Chairman.

Mr. Streader has had extensive experience in major project development and played a leading role in Plenty River Corporation Limited’s attempts in conjunction with a number of major international companies to establish a world scale ammonia/urea plant on the Burrup Peninsula of Western Australia.

He holds a Bachelor of Law (Melbourne University) and was a Fellow of the Australian Institute of Company Directors for 16 years.

### **DAVID VINSON**

#### ***Executive Director - Operations***

Mr. Vinson is 57 years of age.

Mr. Vinson is a seasoned executive in the Australian renewable energy industry, most recently with Blue Sundial Pty. Ltd. Mr. Vinson has been instrumental in launching and operating numerous companies in the biofuel, chemical, marketing services and recycling industries, including managing the construction and operations of one of Australia’s first biodiesel plants which operates, as a division of The Victor Smorgon Group.

Mr. Vinson graduated from Purdue University, USA, with a degree in Chemical Engineering and has wide experience in the design, construction and operations of chemical and polymer facilities. He was appointed to the Board of Plentex in January 2011.

### **DANIEL P GOLDMAN**

#### ***Non-Executive Director***

Mr. Goldman is 51 years of age.

Mr. Goldman brings a wealth of corporate experience, with extensive operational and financial expertise. He is an executive of Blue Sundial Pty. Ltd., a private Victorian microalgae R&D company which was acquired in 2011 by Plentex.



## **Directors' Report (cont'd)**

Prior to entering the renewable energy industry, Mr. Goldman was the General Manager of Electrical, Furniture & General Merchandise at Myer Stores Ltd., then a division of Coles Myer Limited.

Previously Mr. Goldman was the Chief Financial Officer and Company Secretary of Country Road Limited, an ASX listed apparel retailer and wholesaler. He has also held various operational, financial and accounting roles in South Africa within Woolworths Holdings Limited and Ernst & Young Chartered Accountants.

Mr. Goldman is a qualified Chartered Accountant, with a Bachelor of Commerce Honours degree in Accounting Science from the University of South Africa and a Bachelor of Commerce from the University of Cape Town. He was appointed to the Board of Plentex in January 2011.

### **CHRISTOPHER L ROBERTS**

#### ***Non-Executive Director***

Mr. Roberts is 66 years of age.

Mr. Roberts is a geologist with over 35 years experience in mineral exploration throughout Australia initially with BHP but subsequently in senior positions with a number of other companies. He was a Non-Executive Director of Perseverance Corporation Limited until he resigned in February 2008 following the acquisition of Perseverance by Canadian based Northgate Minerals Corporation in February 2008.

Prior to becoming a Non-Executive Director of Perseverance, Mr. Roberts served as Chief Geologist and later Exploration and Development Director of the company and is credited with the early significant exploration successes at the company's Fosterville Mine in Victoria.

Mr. Roberts was also a Non-Executive Director of Sedimentary Holdings Ltd. during the period of the initial exploration success of the Cracow Gold Project in Central Queensland. He resigned in August 2007 as Exploration Director of Republic Gold Limited of which he was a co-founder but remained as the company's Chief Geologist until his resignation on 1 September 2009.

He was appointed a Non Executive Director of Orion Gold NL on 8 September 2011 and resigned from that office in November 2012.

He is a Corporate Member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists.

In late 2005 he was appointed to JORC (the Joint Ore Reserves Committee) from which he has recently retired. He was appointed to the Board of Plentex in August 2006.

### **DARWIN (RIC) CAMPI**

#### ***Non-Executive Director***

Mr. Campi is 86 years of age.

Mr. Campi is a Fellow of the Australasian Institute of Mining and Metallurgy with over 50 years experience in mineral exploration, development and production in Australia and overseas.

He assisted in the formation of Metals Exploration Limited (initially as Metals Exploration NL) in 1958 which subsequently became one of Australia's most successful exploration and mining companies.

## **Directors' Report (cont'd)**

From 1960 to 1973 he was a senior partner in R. Hare and Associates, mining and geological consultants, which provided management, mining and geological services to Metals Exploration Limited. Mr. Campi was appointed General Manager of Metals Exploration Limited in 1962 and later was an Executive Director until his retirement in 1986 from that Company following its takeover by Bond Corporation Limited.

During his association with Metals Exploration Limited he was directly involved with the development and mining of ore deposits throughout Australia, Philippines, Malaysia and Thailand.

He was Co-founder and Managing Director of Great Fingall Mining Company NL from 1986 to 1989 and then Managing Director of Triarc Corporation Ltd. from 1989 until his retirement in 1994. He has been associated with the discovery and mining of a wide range of minerals in Australia and Asia.

Mr. Campi has been a Director of Plentex Limited since November 2006.

He is a Fellow of the Australasian Institute of Mining and Metallurgy.

## **INFORMATION ON COMPANY SECRETARY**

### **DAVID J STREADER**

Mr. Streader graduated as a Bachelor of Science in 1992 and subsequently completed a Graduate Diploma in Applied Finance & Investment at the Securities Institute of Australia and later a Diploma of Financial Planning.

From 1993 to November 2002 he held various roles including that of Company Secretary and Director of a Melbourne based Licensed Securities Dealer which provided financial planning and investment banking services to a range of corporate and high net worth investors.

Mr. Streader is a Certified Financial Planner and currently is a partner in a Mornington Peninsula based accounting and financial planning business.

He has a deep interest in the resource sector and has a well developed understanding of ASX compliance requirements and proceedings.

Mr. Streader is a CFP Member of the Financial Planning Association.

## **Directors' Report (cont'd)**

### **REMUNERATION REPORT**

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The Remuneration Report is set out under the following main headings:

- a) Principles used to determine the nature and amount of remuneration
- b) Details of remuneration of Directors and Executives
- c) Service agreements
- d) Share-based compensation
- e) Relationship between remuneration policy and Company performance

#### **a) Principles used to determine the nature and amount of remuneration**

The Board of Directors is responsible for determining and reviewing compensation arrangements for directors and senior executives and staff.

#### **Executive Remuneration**

Contracts for services are reviewed on a regular basis to ensure that they properly reflect the duties and responsibilities of the individuals concerned. The Board of Directors consider that executive remuneration should be based on a number of factors including length of service, relevant market conditions, knowledge and experience within the industry, organisational experience, performance of the Company, and ensuring that the remuneration is competitive in retaining and attracting motivated people.

Currently executive remuneration comprises total fixed remuneration and does not comprise any incentive-based remuneration. No retirement benefits are payable.

#### **Non-Executive Directors**

The Constitution of the Company provides that the Non-Executive Directors shall be paid out of the funds of the Company by way of remuneration for their services as Directors, such sums not exceeding in aggregate such fixed sum per annum as may from time to time be determined by the shareholders in general meetings, to be divided between the Non-Executive Directors as the Directors may determine and, in default of agreement between them, in equal shares. No Non-Executive Director shall be paid as part or whole of his remuneration a commission on or a percentage of profits, or a commission on or a percentage of operating revenue.

The remuneration of a Director shall be deemed to accrue from day to day.

In addition to receiving a Director's fee for their services, Directors who provide consultancy services may also be entitled to receive consultancy fees payable at commercial rates.

The total annual maximum remuneration payable to Non-Executive Directors was fixed by shareholders resolution (2006 Annual General Meeting) at \$200,000 in aggregate. This limit remains in force.

No remuneration was paid to the Non Executive Directors (2 in number) during the financial year ended 30 June 2014.

The Board has resolved that until the Company is satisfactorily recapitalised, no directors' fees will be paid to Non Executive Directors.

There were no retirement benefits provided to Non-Executive Directors during the financial year.

## **Directors' Report (cont'd)**

### **Share Based Payments**

Share based payments during the year amount to \$nil (2013: \$nil).

#### **b) Details of remuneration**

The disclosures in this section relate to the Directors and Executives listed below being the persons vested with the authority and responsibility for planning, directing and controlling the activities of the Company during the financial year who are classified as the key management personnel.

The following persons acted as Directors of the Company during or part of the year:

- Peter C. Streader - Executive Chairman
- Daniel P. Goldman – Managing Director
- David Vinson – Executive Director
- Christopher L. Roberts - Non Executive Director
- Darwin Campi - Non Executive Director

The highest remunerated Company executives for the financial period were:

- Peter C. Streader - Executive Chairman
- Daniel P. Goldman – Managing Director

Other key management personnel include:

- Glenda M. Woolrich - Administration Manager
- David J. Streader - Company Secretary

## Directors' Report (cont'd)

### Key Management Personnel Remuneration

The following table sets out details of the remuneration which the Directors and the identified Company executives received or were entitled to receive the following amounts as compensation for their services as directors and executives of the Company during the 2013 and 2014 years:

Short Term Employee Benefits					Post Employee Benefits	Other – Long Term	Share Based Payment	Total
	Salary & Fees	Bonus	Non-Monetary	Other	Super-annuation	Long Service Leave	Options & Rights	
2013	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-Executive Directors</b>								
Christopher L Roberts	-							
Darwin Campi	-							
<b>Sub-total Non-Executive Directors</b>	-							
<b>Executive Director</b>								
Peter C. Streader <sup>(1)</sup>	24,000							24,000
Daniel Goldman <sup>(4)</sup>	85,000							85,000
David Vinson <sup>(5)</sup>	-							-
<b>Other Key Management Personnel</b>								
Glenda M Woolrich <sup>(2)</sup>	43,137							43,137
David J. Streader <sup>(3)</sup>	-							-
<b>Sub-total Executive Director and Key Management Personnel</b>	152,137							152,137
<b>TOTAL</b>	152,137							152,137
<b>Notes:</b> (1) Services provided by Resorsco Management Pty. Ltd. (2) Administration Manager (services provided by Resorsco Management Pty. Ltd.) (3) Company Secretary (services provided by Peninsula Accounting Partners Pty. Ltd.) (4) Services provided by Neptunian Nominees Pty. Ltd. (5) Services provided by VB Fam Pty. Ltd.								

Short Term Employee Benefits					Post Employee Benefits	Other – Long Term	Share Based Payment	Total
	Salary & Fees	Bonus	Non-Monetary	Other	Super-annuation	Long Service Leave	Options & Rights	
2014	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-Executive Directors</b>								
Christopher L Roberts	-	-	-	-	-	-	-	-
Darwin Campi	-	-	-	-	-	-	-	-
<b>Sub-total Non-Executive Directors</b>	-	-	-	-	-	-	-	-
<b>Executive Director</b>								
Peter C. Streader <sup>(1)</sup>	26,900	-	-	-	-	-	-	26,900
Daniel Goldman <sup>(4)</sup>	150,000	-	-	-	-	-	-	150,000
David Vinson <sup>(5)</sup>	3,100	-	-	-	-	-	-	3,100
<b>Other Key Management Personnel</b>								
Glenda M Woolrich <sup>(2)</sup>	37,487	-	-	-	-	-	-	37,487
David J. Streader <sup>(3)</sup>	-	-	-	-	-	-	-	-
<b>Sub-total Executive Director and Key Management Personnel</b>	217,487	-	-	-	-	-	-	217,487
<b>TOTAL</b>	217,487	-	-	-	-	-	-	217,487
<b>Notes:</b> (1) Services provided by Resorsco Management Pty. Ltd. (2) Administration Manager (services provided by Resorsco Management Pty. Ltd.) (3) Company Secretary (services provided by Peninsula Accounting Partners Pty. Ltd.) (4) Services provided by Neptunian Nominees Pty. Ltd. (5) Services provided by VB Fam Pty. Ltd.								

## **Directors' Report (cont'd)**

### **c) Service agreements**

Remuneration and other terms of employment for the Directors and key management personnel are formalised in Board minutes or service agreements. The contractual arrangements contain basic provisions typically found in contracts of this nature. No termination benefits are payable to Non Executive Directors.

#### **Non-Executive Directors Fees**

No fees were paid to the Non Executive Directors by the Company during the period 1 July 2013 to 30 June 2014.

#### **Executive Service Contracts**

##### **Resorsco Management Pty. Ltd. - Peter C. Streader and Glenda M. Woolrich**

The Company engaged Resorsco Management Pty. Ltd. (a related party of Mr. Streader) to provide management and administrative services to the Company for a period of two years commencing 1 July 2010.

Under the agreement Resorsco was to provide the following services to the Company:

- the services of Mr. P. C. Streader as Executive Chairman and Managing Director of the Company;
- the services of Ms. G. M. Woolrich as Administration Manager; and
- the services of a secretary/administrative assistant.

The Company is also required to reimburse Resorsco the costs and expenses incurred by Resorsco in providing the services. These costs originally included for an hourly rate of \$45 for the services of the Administration Manager, an hourly rate of \$35 for the secretary/administrative assistant, and a monthly rate of \$4,000 for the services of Mr. P. C. Streader.

These rates are subject to annual reviews the first of which took place on 2 May 2011. As of 1 May 2011 the hourly rates payable with respect to the Administration Manager and the secretary/administration assistant were increased to \$50 and \$40 respectively.

By a Variation Agreement made between the Company and Resorsco effective 24 January 2011 Resorsco's Agreement with the Company was amended to reflect the transfer of the role of Managing Director of the Company from Mr. Streader to Mr. Goldman.

Effective 1 April 2012 Resorsco agreed that no amount would be payable by the Company for the provision of Mr. Streader's service. In March 2013, it was subsequently agreed Mr. Streader receive \$6,000 per month remuneration for services rendered to the Company.

To conserve funds, this monthly amount was not in fact paid to Resorsco and instead payments totaling \$26,900 were made to Resorsco on an intermittent basis during the financial year ended 30 June 2014 with respect to Mr. Streader's services. The financial year payments totaling \$37,487 were paid by the company to Resorsco as fees for the provision of Ms. G.M. Woolrich's services.

No termination benefits are payable by the Company in the event of termination of the Resorsco agreement.

**Directors' Report (cont'd)****Daniel P. Goldman**

In early 2011 the Company engaged Neptunian Nominees Pty. Ltd. ("Neptunian") a related party of Mr. Goldman to provide his services as Managing Director of the Company.

This agreement was terminated effective 1 April 2012 having regard to lack of funds. No fees were paid by the Company to Neptunian with respect to the provision of Mr. Goldman's services for the period 1 April 2012 to December 2012.

Effective December 2012 new arrangements were entered into with Neptunian and from 1 January 2013 to 30 June 2013 fees totaling \$85,000 were paid to Neptunian. Mr. Goldman was paid from 1 July 2013 at the monthly rate of \$12,500 and it is expected this will continue until such time as the Company is satisfactorily recapitalized, at which time his salary will be reviewed. No termination benefits are payable by the Company in the event of termination of Mr. Goldman's employment.

**David Vinson**

In early 2011 the Company engaged VB Fam Pty. Ltd. ("VB Fam") a related party of Mr. Vinson to provide the services of Mr. Vinson as Executive Director - Operations of the Company.

By an agreement dated 7 June 2012 with the objective of conserving funds, this agreement was terminated effective as from 1 April 2012. During the financial year ended 30 June 2014 Mr. Vinson's company, VB Fam Pty. Ltd. has been paid \$3,100 for consulting services rendered by Mr. Vinson during the year.

**David J Streader**

Pursuant to a letter agreement dated 7 May 2007 made between the Company and Peninsula Accounting Partners Pty. Ltd. (PAP), PAP is required to provide the services of Mr. D. J. Streader as Company Secretary of the Company at an hourly rate of \$100 plus GST.

The agreement was for a term of 12 months and was renewable by mutual agreement. The agreement has been renewed annually to date.

No fees have been paid or accrued to PAP with respect to Mr. Streader's services as Company Secretary during the financial year.

**d) Share-based Compensation**

During the financial year there was no share based compensation provided to Directors or Executives of the Company.

**e) Relationship between remuneration policy and Company performance**

The following table shows the gross revenue, profits and dividends for the last five years, as well as the share price at the end of each year. Analysis shows:

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	8,085	109,081	156,456	8,452	9,576
Net Loss	(3,026,834)	(496,642)	(1,011,312)	(671,641)	(439,987)
Share price at year end*	n/a	n/a	n/a	n/a	n/a
Dividends	nil	nil	nil	nil	nil

\* Trading in the Company's securities on the Australian Securities Exchange has been suspended since 23 November 2006

## Directors' Report (cont'd)

### f) Shares and Options held by KMP

#### Share Holdings as at 30 June 2014

ORDINARY SHARES				
Name	Directly Held	Indirectly Held by Controlled Entity	Indirectly Held	Total Indirectly Held
Peter C Streader	402,177	2,533,472	420,208 <sup>(i)</sup>	1,953,680
Daniel P Goldman	-	1,424,848 <sup>(iii)</sup>	-	1,424,848 <sup>(iii)</sup>
David Vinson	-	1,424,848 <sup>(iv)</sup>	-	1,424,848 <sup>(iv)</sup>
Christopher L Roberts	24,375	-	-	-
Darwin Campi	2,016,400	-	40,000	40,000
David J Streader	6,000	14,000	1,649,626 <sup>(ii)</sup>	1,663,626

(i) Includes direct holding of GM Woolrich and DJ Streader and associates of PC Streader, GM Woolrich Super Fund, Union Star Investments Pty. Ltd. and Resorsco Management Pty. Ltd. (see detailed movement schedule below).

(ii) Includes shares held by Union Star Investments Pty. Ltd. of which he is a Director.

(iii) Shares held by Lahare Pty. Ltd. of which he is a Director.

(iv) Shares held by VB Fam Pty. Ltd. of which he is a Director.

#### Share Holdings as at 30 June 2013

ORDINARY SHARES				
Name	Directly Held	Indirectly Held by Controlled Entity	Indirectly Held	Total Indirectly Held
Peter C Streader	402,177	2,533,472	420,208 <sup>(i)</sup>	2,953,680
Daniel P Goldman	-	1,424,848	-	1,424,848
David Vinson	-	1,424,848	-	1,424,848
Christopher L Roberts	24,375	-	-	-
Darwin Campi	2,016,400	-	40,000	40,000
David J Streader	6,000	14,000	1,649,626 <sup>(ii)</sup>	1,663,626

(i) Includes direct holding of GM Woolrich and DJ Streader and associates of PC Streader, GM Woolrich Super Fund, Union Star Investments Pty. Ltd. and Resorsco Management Pty. Ltd. (see detailed movement schedule below).

(ii) Includes shares held by Union Star Investments Pty. Ltd. of which he is a Director.

#### Shared Based Options as at 30 June 2014

	Number	Grant Date	Expiry Date
P Streader	1,750,000	22.9.11	30.11.14
D Vinson	2,000,000	22.9.11	30.11.14
D Goldman	2,000,000	22.9.11	30.11.14
M Reiner	1,000,000	22.9.11	30.11.14
	6,750,000	22.9.11	30.11.14

The exercise price of each option is \$0.30 (30 cents) per option.



## Directors' Report (cont'd)

### Shared Based Options as at 30 June 2014 (cont'd)

#### Movement Disclosure

Aggregate number of shares in Plentex Limited held directly, indirectly or beneficially by Directors or their Director-related entities at balance date.

30.6.2014	Balance at start of year 1.7.2013	Granted during year as remuneration	Sold / transferred during year/lapsed	Acquired during year	Indirect Balance at end of year	Balance at end of year 30.6.14
<b>DETAILS OF SHARES:</b>						
<b>Director</b>						
Peter C. Streader (direct)	402,177	-	-	-		402,177
PC Streader (indirect) - Total	2,953,680	-	-	-		2,953,680
- Wisecover Nom.	397,734	-	-	-	397,734	
- Resorsco Management	381,112	-	-	-	381,112	
- GM Woolrich Super Fund	105,000	-	-	-	105,000	
- Union Star Investments	1,649,626	-	-	-	1,649,626	
- GM Woolrich	388,208	-	-	-	388,208	
- DJ Streader	6,000	-	-	-	6,000	
- SJ Streader	6,000	-	-	-	6,000	
- D&J Streader Super A/c	14,000	-	-	-	14,000	
- SP Streader	6,000	-	-	-	6,000	
Daniel P Goldman	1,424,848	-	-	-	1,424,848	
David Vinson	1,424,848	-	-	-	1,424,949	
Christopher L. Roberts	24,375	-	-	-		24,375
Darwin Campi (direct)	2,016,400	-	-	-		2,016,400
Darwin Campi (indirect)	40,000	-	-	-	40,000	

30.6.2013	Balance at start of year 1.7.2012	Granted during year as remuneration	Sold / transferred during year	Acquired during year	Indirect Balance at end of year	Balance at end of year 30.6.13
<b>DETAILS OF SHARES:</b>						
<b>Director</b>						
Peter C. Streader (direct)	402,177	-	-	-		402,177
PC Streader (indirect) - Total	1,953,680	-	-	1,000,000		2,953,680
- Wisecover Nom.	397,734	-	-	-	397,734	
- Resorsco Management	381,112	-	-	-	381,112	
- GM Woolrich Super Fund	105,000	-	-	-	105,000	
- Union Star Investments	649,626	-	-	1,000,000	1,649,626	
- GM Woolrich	388,208	-	-	-	388,208	
- DJ Streader	6,000	-	-	-	6,000	
- SJ Streader	6,000	-	-	-	6,000	
- D&J Streader Super A/c	14,000	-	-	-	14,000	
- SP Streader	6,000	-	-	-	6,000	
Daniel P Goldman	1,424,848	-	-	-	1,424,848	
David Vinson	1,424,848	-	-	-	1,424,848	
Christopher L. Roberts	24,375	-	-	-	-	24,375
Darwin Campi (direct)	1,516,400	-	-	500,000		2,016,400
Darwin Campi (indirect)	40,000	-	-	-	40,000	

#### DIRECTORS INTERESTS IN CONTRACTS

No material contracts involving Directors' interests were entered into during or at the end of the year, other than those transactions detailed above.

#### LOANS TO DIRECTORS AND EXECUTIVES

No loans were made to Directors or Executives.

[End of Remuneration Report (Audited)]

## **Directors' Report (cont'd)**

### **INDEMNIFICATION AND INSURANCE**

The Company's Constitution provides that a director of the Company will be indemnified by the Company for any liability incurred by the director in defending any proceedings in relation to the Company in which the judgement is given in the director's favour. Further, the Company has executed a Deed of Indemnity, Insurance and Access ("Deed") with all current directors, in keeping with prudent management practices. This Deed was approved at a general meeting of shareholders on 3 April, 2001. The Company currently does not maintain Directors and Officers Liability insurance with respect to its directors.

### **PROCEEDINGS ON BEHALF OF COMPANY**

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

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

### **ENVIRONMENTAL REGULATION**

The economic entity's operations are subject to significant environmental regulations under the law of the Commonwealth and the State and the Territories. It believes it complies with all such regulations.

### **AUDITOR**

In accordance with the provisions of the Corporations Act 2001, the Company's auditor, BDO East Coast Partnership, continues in office.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against the liability incurred as an officer or auditor.

Total remuneration paid and payable to the Company's auditor is disclosed in Note 14 to these financial statements.

### **NON-AUDIT SERVICES**

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the audit independence requirement of the Corporations Act 2001 for the following reasons:

- all non audit services have been reviewed by the Board to ensure they did not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principle relating to auditor independence as set out in APES110: Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and reward.

Refer to Note 14 regarding the above.

### **AUDITOR INDEPENDENCE DECLARATION**

The lead auditor's independence declaration as required under Section 307C of the Corporations Act is attached to this report on Page 32.

**Directors' Report (cont'd)**

**SUBSEQUENT EVENTS**

**Proposed Acquisition of Biovite Business**

Despite strenuous efforts during June and July 2014, Plentex and its subsidiary Biovite Limited were unable to raise the funding required to complete the purchase of the Biovite business by the extended sunset date of 31 July 2014.

As a result the purchase contract automatically terminated and one of the consequences of this was the requirement to change the name of Biovite Limited to a name not containing the word "Biovite".

Effective 14 August 2014 the name of the Plentex subsidiary company originally known as Biovite Limited was changed to Xerion Limited.

Negotiations however were continued with the directors of Biovite Australia Pty. Ltd. and over the ensuing months a number of alternative acquisition proposals were explored, but in each case largely due to deteriorating investor sentiment in the biotechnology, sector they did not proceed.

In early January 2015 a new proposal involving the purchase of the issued capital of Biovite Australia Pty. Ltd. as opposed to buying the business of that company was developed which ultimately led to the acquisition of the company by an associate of Plentex on 17 February 2015.

Consideration for this purchase consisted of a mix of cash payable in instalments totalling \$3,000,000, and the issue to the Biovite shareholder vendors of 6,499,399 fully paid ordinary shares in Xerion and 2,499,770 Performance Shares and, subject to Plentex shareholder approval, 1,499,864 fully paid ordinary shares in Plentex.

An initial deposit of \$50,000 has been paid with the balance of deposit (\$450,000) due on 17 June 2015. The balance of the purchase price (\$2,500,000) is payable on or before 17 February 2017.

The Xerion Performance Shares have been issued on the basis that they will convert into fully paid ordinary shares if, within 24 months of the date of their issue, Xerion is successful in concluding the licensing of any product which contains or is to contain Biovite Australia's key bioactive product Amycot® or any derivative thereof or Xerion licenses its Dried Blood Spot sampling technique which results in consideration being payable to Xerion either as an upfront licence payment or guaranteed cumulative consideration payable by the licensee to Xerion exceeding \$4 million on a tiered conversion basis, depending on the cumulative consideration payable pursuant to an agreed licensing arrangement.

This event of conversion is to apply once only and in the event that any one of the above milestones is not achieved by the expiration of the 24 month period, the Performance Shares will lapse.

Xerion has assumed management control of Biovite Australia Pty. Ltd. and Plentex Directors, Peter Streader and Daniel Goldman, and Xerion's Chief Scientific Officer, Dr Vic Ilag, have been appointed as Directors of Biovite Australia Pty. Ltd.

Xerion has recently completed a second seed capital raising totalling \$570,750 at an issue price of 15 cents and plans to raise a further \$3 million (with the right to accept oversubscriptions up to a total of \$5 million) by way of an Offer Information Statement (OIM) at an issue price of 20 cents per share, commencing in late May 2015.

**Directors' Report (cont'd)**

Xerion has engaged Melbourne based Sanston Securities Australia Pty. Ltd. as Corporate Financial advisor to the offer to assist Xerion with this capital raising.

Plentex hold 6,010,000 fully paid ordinary shares in Xerion together with 3,000,000 options exercisable at 30 cents at any time prior to 31 December 2016.

The capital structure of Xerion following the completion of the recent seed capital raising is as follows:

<b>Shareholders</b>	<b>No. of Shares</b>	<b>% Shareholding</b>
Plentex Limited	6,010,000	29.5%
Other shareholders	14,372,399	70.5%
Total	20,382,399	100.0%
<b>Optionholders</b>	<b>No. of Options</b>	<b>% Options</b>
Plentex Limited <sup>(1)</sup>	3,000,000	33.2%
Other optionholders <sup>(1)</sup>	1,577,999	17.5%
ESOP optionholders <sup>(2)</sup>	4,450,000	49.3%
Total	9,027,999	100.0%
<b>Performance Shares</b>		
Shareholders - Biovite Australia Pty. Ltd.	2,499,770	100.0%

Notes:

- (1) These options are exercisable at 30 cents at any time prior to 31 December 2016.
- (2) These options are exercisable at 30 cents at any time prior to 5 years from their date of issue subject to certain conditions.
- (3) Subject to the successful completion of the \$3 million capital raising referred to above, Xerion will issue to Sanston Securities (or their nominee) up to a further 3,538,240 options exercisable at 30 cents at any time prior to 5 years from their date of issue and in the case of full oversubscriptions being received, Xerion will issue 4,538,240 options to Sanston Securities (or their nominee).

With the acquisition of Biovite, Xerion now has 3 significant platforms to enhance its business growth:

1. An existing range of Australian Therapeutic Goods Administration (TGA) approved anti-fungal products that are already being sold in Australia and some offshore markets which currently generate cashflow. With a new professional marketing campaign and distribution strategy, Xerion expects sales to grow significantly.
2. An exciting new medical device/companion diagnostic tool that is market ready to generate substantial sales. This tool allows for a different way to collect blood in a cost effective manner perfectly suited to the mass market and has the potential to disrupt certain aspects of the existing labour intensive process for the collection of blood.
3. A portfolio of projects that are in various stages of research and/or development that will bring new naturally based algae products to the market in a controlled manner.

Xerion's short-term objectives will be to expand the Calmagen® product line and boost sales and distribution. Xerion has appointed an internationally recognised marketing organisation SPRIM to investigate licensing opportunities, assist with the relaunch of the Biovite range of products, implementation of a digital marketing strategy including e-commerce capability and the appointment of additional local and international distributors. The product range will be launched in Canada in the second half of 2015. New products may be developed to treat acne, atopic dermatitis and other skin conditions using the AMYCOT® platform.

The market for fungal products is very large. Fungal infections of the skin and nails are a health concern worldwide affecting an estimated 10-20% of the global population. Biovite's Calmagen® product is very effective because it kills fungal spores unlike most existing products in the market which do not kill the fungi but only inhibit future growth. Most of these other products are chemically based and can have unwanted side effects. Naturally-based Calmagen® offers a safe and highly efficacious alternative that has been validated in multiple clinical trials.

## **Directors' Report (cont'd)**

Some months ago, Xerion acquired the worldwide exclusive commercial rights to the only Dried Blood Spot (DBS) technology that accurately measures fatty acids in blood and other biological fluids such as breast milk. The technology was developed by Prof. Robert Gibson from the University of Adelaide, a leading world authority in nutrition. It is currently being used in a clinical trial testing 5,500 pregnant mothers and in another trial testing 1,225 infants.

This technology has the potential in revolutionizing aspects of the personalised medicine/nutrition space by offering a robust companion diagnostic. Xerion will explore its immediate applications in determining the Omega 3 Index, an emerging therapeutic indicator and other fatty acid profiles which are good biomarkers for cardiovascular health, inflammation and cognitive health. The Company anticipates immediate revenues from the technology by selling it as a research tool in biomarker discovery and clinical trials. Other future revenue streams from the technology are currently under discussion.

Through its acquisition last year of Plentex's portfolio of algae based projects and related intellectual property, the focus of which was to develop a range of natural efficacious algae derived products, Xerion has access to novel algal strains and proprietary extraction methods that could feed a robust product pipeline. Xerion also has high valued research partnerships which will be key in expanding its algal based product platforms.

### **Southern Bluefin Tuna Feed Project (now known as SA Aquafeed/Pet Food Project)**

In June/July 2014 Plentex conducted discussions with several tuna ranching companies with a view to carrying out on a cooperative basis a large scale tuna feed trial in 2015, modelled along the lines of the trial that was to have been conducted by the ASBTIA in 2014.

These discussions were not successful and it became increasingly apparent that the introduction of a manufactured aquafeed to the Port Lincoln tuna ranching industry was going to take much longer than Plentex had initially contemplated would be the case.

Whilst Plentex is confident that a variety of influences will eventually persuade the tuna ranching industry to abandon its current practice of feeding raw baitfish, it is clear that at least initially any new feed plant must focus on the production of other types of aquatic and animal feeds if it is to be viable.

After several months of consultation and study, Plentex has decided to relocate its planned manufacturing plant to a site in the Port Adelaide area and to initially focus on the production of premium grade and niche aquafeeds and pet foods.

Plentex has established a new company Protemax Pty Ltd as the corporate vehicle for this project and has commenced project feasibility studies. This project is now called the SA aquafeed/pet food project.

The feed manufacturing plant which Protemax is planning to establish will require capital investment in the order of \$35-40 million.

It is proposed that Protemax will initially seek seed capital funding independent of Plentex to fund the completion of a bankable feasibility study, which should allow it to attract a joint venture partner or private equity type investors which may provide the platform for a future IPO.

### **Philippines Integrated Aquaculture Project**

Significant progress has been made with planning for stage 1 of this project which consists of the establishment of a rice dryer and mill, a cassava dryer and mill and a fish meal plant.

A detailed financial model has been developed for the project by an external consultant, which shows that the project should be very profitable.

A new Plentex subsidiary has been incorporated in the Philippines (Plentex Philippines Inc.) to be the corporate vehicle which will own and operate this project.

Another company Plentex Realty Inc. has also been incorporated to hold any real estate that is purchased by Plentex in the Philippines.

## **Directors' Report (cont'd)**

Each of these companies has its own Board of Directors which includes in each case, three Philippine resident directors who bring relevant and impressive experience to the Board.

### **Change of Name**

On 20 October 2014 Plentex subsidiary Nideux Limited changed its name to UniPartners Limited.

### **FUNDING**

#### **R&D Tax Incentive Program - AusIndustry (on behalf of Innovation Australia) and the Australian Taxation Office**

The Company received \$313,713.45 on 4 September 2014 as a tax refund for eligible research and development (R&D) expenditure in relation to the development of its proposed micro/macro algae and aquafeed businesses during the financial year ended 30 June 2014. This amount is reflected as a receivable in the 30 June 2014 accounts.

#### **Expiry of the Company's 30 September 2014 Options**

A total of 7,460,000 options which were exercisable at 25 cents per share at any time prior to 30 September 2014, expired unexercised on 30 September 2014.

#### **Expiry of Executive Options - 30 November 2014**

A total of 6,750,000 executive options which were exercisable at 30 cents per share (subject to meeting a trading price hurdle) at any time prior to 30 November 2014, expired unexercised on 30 November 2014.

### **Placements**

The Company has raised a total of \$573,000 since the end of the financial year, by the placement of 5,730,000 fully paid ordinary shares at an issue price of ten cents per share.

### **Future Funding**

Whilst Plentex will not be required to provide further financial support to Xerion, it is important that new funds be raised by the Company to advance its core activities in the Philippines, initially support Protemax's activities and to meet Plentex's day to day operating costs.

To facilitate this capital raising and address other ancillary matters, Plentex is preparing to convene a General Meeting of its shareholders which is to be held on 29 June 2015.

At this meeting shareholders will be asked to authorise the placement of up to 12,500,000 fully paid ordinary shares to sophisticated and other exempt investors at an issue price of ten cents per share.

This is to be the first phase of a two phase capital raising program, the second of which planned for later in the year being by way of an offering under a prospectus of up to 20,000,000 fully paid ordinary shares at an issue price of 30 cents per share.

The Phase 2 capital raising will be subject to and conditional upon Plentex shareholders approving in General Meeting the consolidation of the Company's share capital on a 1 new share for every 2 existing shares basis.

As part of this consolidation process (again subject to prior shareholder approval), Plentex shareholders will be offered 3 bonus options for every 5 shares held on a post consolidation basis. These options will be exercisable at 35 cents at any time prior to 31 March 2018.

The Directors hope that successful completion of the planned Phase 2 capital raising will result in the re quotation of the Company's securities on the ASX. This will require that in addition to raising the targeted \$6,000,000 that the Company meet the other requirements of Chapters 1 & 2 of the ASX Listing Rules

This offer will include provision for a priority offer to Plentex shareholders.

**Directors' Report (cont'd)**

**OTHER MATTERS AND CIRCUMSTANCES**

The Directors are not aware of any other matter or circumstance since the end of the financial year, not otherwise dealt with in this report or group financial statements that has significantly or may significantly affect the operations of Plentex Limited, the results of those operations or the state of affairs of the Company or Group.

Signed in accordance with a resolution of the Board of Directors



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Peter C Streader  
Executive Chairman

Dated this 29th day of May 2015

## DECLARATION OF INDEPENDENCE BY ALEX SWANSSON TO THE DIRECTORS OF PLENTEX LIMITED

As lead auditor of Plentex Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

### BDO East Coast Partnership



**Alex Swansson**  
**Partner**

Melbourne, 29 May 2015



**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the Year Ended 30 June 2014**

	Note	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
<b>Revenue</b>	3	8,085	109,081
<b>Expenses</b>			
Occupancy costs		(73,662)	(69,733)
Regulatory and compliance costs		(40,113)	(19,446)
Employee costs		(14,984)	(12,233)
Research costs		(218,517)	(64,404)
Consulting fees		(263,489)	(185,254)
Impairment of Goodwill		(205,335)	-
Impairment of Intellectual Property		(2,731,340)	-
Depreciation and Amortisation		(5,000)	(254,930)
Impairment of Investment accounted for using the equity method		(79,229)	-
Share of net loss of associates		(7,367)	-
Profit on reduction of interest in controlled entity		70,057	-
Administration expenses		(356,618)	(305,352)
<b>(Loss) before income tax</b>		<b>(3,917,512)</b>	<b>(802,271)</b>
Income tax benefit	4	890,678	305,629
<b>(Loss) for the year after income tax benefit</b>		<b>(3,026,834)</b>	<b>(496,642)</b>
<b>(Loss) for the year attributable to owners of the parent entity</b>		<b>(3,026,834)</b>	<b>(496,642)</b>
<b>Other Comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive income for the year</b>		<b>(3,026,834)</b>	<b>(496,642)</b>
<b>Total Comprehensive income attributable to Non-Controlling Interest Entities</b>	21	<b>(6,832)</b>	<b>-</b>
<b>Total Comprehensive income attributable to members of the parent entity</b>		<b>(3,020,002)</b>	<b>(496,642)</b>
		<b>cents</b>	<b>cents</b>
Basic (loss) per share	17	(7.32)	(1.41)
Diluted (loss) per share	17	(7.32)	(1.41)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position as at 30 June 2014

	Note	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	10 (b)	26,909	169,868
Trade and Other Receivables	5	378,376	16,513
<b>Total Current Assets</b>		<b>405,285</b>	<b>186,381</b>
<b>Non Current Assets</b>			
Property, Plant and Equipment	6	18,203	6,194
Intangibles	12	-	2,548,460
Investments accounted for using the equity method	13	25,784	80,000
Other Financial Assets	7	143,707	68,012
<b>Total Non Current Assets</b>		<b>187,694</b>	<b>2,702,666</b>
<b>Total Assets</b>		<b>592,979</b>	<b>2,889,047</b>
<b>Current Liabilities</b>			
Trade and Other Payables	8	766,568	321,339
<b>Total Current Liabilities</b>		<b>766,568</b>	<b>321,339</b>
<b>Non Current Liabilities</b>			
Deferred Tax		-	297,474
<b>Total Non Current Liabilities</b>		<b>-</b>	<b>297,474</b>
<b>Total Liabilities</b>		<b>766,568</b>	<b>618,813</b>
<b>Net Assets Deficiency</b>		<b>(173,589)</b>	<b>2,270,234</b>
<b>Equity</b>			
Issued Capital	9	8,402,871	7,968,121
Performance Capital	9	-	703,650
Reserves		71,550	71,550
Accumulated Losses		(8,789,439)	(6,473,087)
<b>Total Equity</b>		<b>(315,018)</b>	<b>2,270,234</b>
Non-controlling Interest	21	141,429	-
<b>Total Equity</b>		<b>(173,589)</b>	<b>2,270,234</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity for the Year Ended 30 June 2014

## Consolidated Entity

	Issued Capital \$	Performance Capital \$	Options Reserve \$	(Accumulated Losses) \$	Parent Total \$	Non- Controlling Interest \$	Total \$
<b>Balance at 1 July 2012</b>	<b>7,267,916</b>	<b>1,160,400</b>	<b>71,550</b>	<b>(6,433,195)</b>	<b>2,066,671</b>	<b>-</b>	<b>2,066,671</b>
<b>Transactions with owners in their capacity as owners</b>							
Ordinary Shares issued during period	700,205	-	-	-	700,205	-	700,205
Performance Capital Lapse	-	(456,750)	-	456,750	-	-	-
<b>Comprehensive income transactions</b>							
Loss for the year after income tax benefit	-	-	-	(496,642)	(496,642)	-	(496,642)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(496,642)	(496,642)	-	(496,642)
<b>Balance at 30 June 2013</b>	<b>7,968,121</b>	<b>703,650</b>	<b>71,550</b>	<b>(6,473,087)</b>	<b>2,270,234</b>	<b>-</b>	<b>2,270,234</b>

<b>Balance at 1 July 2013</b>	<b>7,968,121</b>	<b>703,650</b>	<b>71,550</b>	<b>(6,473,087)</b>	<b>2,270,234</b>	<b>-</b>	<b>2,270,234</b>
<b>Transactions with owners in their capacity as owners</b>							
Ordinary Shares issued during period	434,750	-	-	-	434,750	-	434,750
Recognition of outside equity interest given	-	-	-	-	-	148,261	148,261
Recognition of non-controlling Interest upon Acquisition of Entity	-	(703,650)	-	703,650	-	-	-
Performance Capital Lapse	-	-	-	-	-	-	-
<b>Comprehensive income transactions</b>							
Loss for the year after income tax benefit	-	-	-	(3,026,834)	(3,020,002)	(6,832)	(3,026,834)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(3,026,834)	(3,020,002)	(6,832)	(3,026,834)
<b>Balance at 30 June 2014</b>	<b>8,402,871</b>	<b>-</b>	<b>71,550</b>	<b>(8,796,271)</b>	<b>(315,018)</b>	<b>141,429</b>	<b>(173,589)</b>

**Consolidated Statement of Cash Flows  
for the Year Ended 30 June 2014**

	Note	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
<b>Cash flows from operating activities</b>			
Cash payments to suppliers and employees		(782,894)	(798,799)
Interest received		335	648
Other receipts		7,750	93,489
R&D tax refund		279,492	229,151
<b>Net Cash (used in) operating activities</b>	10a	(495,317)	(475,511)
<b>Cash flows from investing activities</b>			
Payments for investments in Nest Group Limited		-	(80,000)
Payment for investment in Prosthesis Pty Ltd		(37,001)	(68,012)
Payments for/disposal of Intangible Assets		-	(21,645)
Payments for plant & equipment		(17,009)	(1,520)
<b>Net cash (used in) investing activities</b>		(54,010)	(171,177)
<b>Cash flows from financing activities</b>			
Issue of share capital		434,750	700,205
Loans to/(from) related entities		114,577	(100,000)
<b>Net cash provided by financing activities</b>		549,327	600,205
Net (decrease) in cash held		(142,959)	(46,483)
Cash at the beginning of the financial year		169,868	216,351
<b>Cash at the end of the financial year</b>	10b	26,909	169,868

The above Consolidated Statement of Cash Flows should be read  
in conjunction with the accompanying notes.

## **Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014**

### **1. STATEMENT OF ACCOUNTING POLICIES**

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

Plentex Limited is a public Company incorporated and domiciled in Australia and is the parent entity of the group of companies.

#### **Operations and principal activities**

The principal activity of the Company and its controlled entities (the consolidated entity) during the course of the 2013 and 2014 financial years has been the advancement of plans to produce macro and micro algae for use in functional foods, nutraceuticals, pharmaceuticals, cosmeceuticals, chemicals, aquafeeds and stockfeeds and supplements and potentially biofuels.

#### **Currency**

The financial report is presented in Australian dollars.

#### **Authorisation of financial report**

The financial report was authorised for issue on the same date the directors signed the directors' declaration.

The Company has applied ASIC Class Order [CO 10/654] "Inclusion of parent entity financial statements in financial reports" and therefore the financial report includes parent entity financial statements as part of the full year financial report prepared under Chapter 2M of the Corporations Act 2001.

The principal accounting policies adopted by Plentex Limited and its controlled entities are stated below to assist in the general understanding of the financial report.

#### **(a) Basis of Accounting**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for profit orientated entities. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated. The financial report has been prepared on an accruals basis using historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies adopted have been consistently applied.

#### **(b) Going concern**

For the year ended 30 June 2014 the consolidated entity incurred a net loss of \$3,026,834 and had net operating cash outflows of \$495,317. The consolidated entity reported a net current liability position of \$361,283 and an equity deficiency of \$173,589.

**Notes To and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014 (cont'd)****1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(b) Going concern (cont'd)**

Furthermore, the consolidated entity does not have any regular source of income and is reliant on existing cash assets, and beyond those cash assets, equity capital and/or loans from third parties to fund their operations. For the period covering 12 months from the date of signature of the financial report, the consolidated entity expects this trend to continue. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The ability of the consolidated entity to continue as a going concern is dependent upon a number of factors, one being the continuation and availability of funds. Subsequent to year end the consolidated entity received an R&D tax offset of \$313,713 was received in relation to the FY 14 year of activity. The Company has raised over \$573,000 of capital from sophisticated investors. Plentex will also be seeking to raise new capital to be raised in two phases. Phase 1 being the raising of \$1,250,000 by the placement of up to 12,500,000 fully paid ordinary shares at ten cents per share, to sophisticated and other exempt investors. Phase 2 being the raising of \$6,000,000 by the issue pursuant to a prospectus of 20,000,000 fully paid ordinary shares at 30 cents per share.

Cash flow forecasts prepared by management demonstrate that, subject to successful completion of the capital raising planned, the consolidated entity has sufficient cash flows to meet its commitments over the next twelve months based on the above factors, and for that reason the financial statements have been prepared on the basis the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the consolidated entity, not continue as a going concern.

**(c) Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 19.

**(d) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Plentex Limited ('company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Plentex Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

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

## Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

### (d) Principles of consolidation (cont'd)

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

### (e) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:-

- (i) The consideration transferred;
  - (ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
  - (iii) the acquisition date fair value of any previously held equity interest;
- over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value or any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (*proportionate interest method*). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill

## Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

### (f) Income Tax

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, when there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derived sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

### (g) Property, Plant and Equipment

Property, plant and equipment are brought to account at cost less any accumulated depreciation or amortisation and impairment. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciable amount of all plant and equipment is depreciated on a straight line basis over their economic lives commencing from the time the asset is ready for use.

The relevant depreciation rates used once assets are in operation are:–

Plant and Equipment     5%-15%

### (h) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.



**Notes To and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014 (cont'd)**

**(h) Investments and other financial assets (cont'd)**

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

*Impairment of financial assets*

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is 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 similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

**(i) Impairment of non-financial assets**

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

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

**(j) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**(k) Revenue**

*Rendering of services*

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

*Interest Revenue*

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

**Notes To and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014 (cont'd)**

**(l) Borrowing Costs**

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

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

**(m) Goods and Services Tax (GST)**

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

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

**(n) Other Financial Assets**

In the separate financial statements of Plentex Limited, investments in subsidiaries that are not classified as held for sale or included in a disposal group classified as held for sale, are accounted for at cost or recoverable amount.

**(o) Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

**(p) Investments in Associates**

Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Group's investments in associates are provided in Note 13.

## Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

### (q) Research and development

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

### (r) Critical Accounting Estimates and Judgements

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

#### *Key Estimates – Impairment*

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Impairment write downs have occurred in the current and prior period in relation to exploration assets, and investment in controlled entities and in the prior period in relation to property, plant and equipment.

The carrying amount of the IP asset is dependent upon commercialisation of this technology. In order to take the IP to market, further development may be required. Therefore recoverability is dependent on the company having funds in place to further develop the IP.

### (s) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Consolidated Entity, together with an assessment of the potential impact of such pronouncements on the Consolidated Entity when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the Controlled Entity on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the Consolidated Entity anticipate that the adoption of AASB 9 may have an impact on the Consolidated Entity's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2012-3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable to annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Consolidated Entity's financial statements.

## Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

### (s) New Accounting Standards for Application in Future Periods (cont'd)

- Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Consolidated Entity's financial statements.

- AASB 2013-3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Consolidated Entity's financial statements.

- AASB 2013-4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-4 makes amendments to AASB 139: *Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Consolidated Entity's financial statements.

- AASB 2013-4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-4 makes amendments to AASB 139: *Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Consolidated Entity's financial statements.

- AASB 2013-5: *Amendments to Australian Accounting Standards – Investment Entities* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-5 amends AASB 10: *Consolidated Financial Statements* to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As the Consolidated Entity does not meet the definition of an investment entity, this Standard is not expected to impact the Controlled Entity's financial statements.

## Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

### 2. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

#### - Financial Risk Management

The consolidated entity financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable, loans to and from subsidiaries and trade payables.

#### i. Financial Risk Management

The Company Secretary analyses interest rate exposure and evaluates treasury management strategies in the context of the most recent economic conditions and forecasts. The Company has no foreign exchange exposures.

#### ii. Financial Risks

The main risks the group is exposed to through its financial instruments are interest rate risk and liquidity risk. The Company has no revenue from trading activities and therefore has no quantifiable credit risk exposure.

#### Liquidity Risk

Liquidity Risk is the risk that the group, although balance sheet solvent, cannot meet or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

Ultimate responsibility for liquidity risk management rests with the board of directors, who has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company's obligations at balance date are represented by accounts payable that are due within normal commercial payment terms of typically 30 days.

#### Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is detailed below. The Group constantly analyses its interest rate opportunity and exposure. Within this analysis consideration is given to existing positions and alternative arrangement on fixed or variable deposits.

#### Consolidated Entity

	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate 1 year or less \$	Maturities 1 to 5 years \$	Over 5 years \$	Non Interest Bearing \$	Total \$
<b>30 June 2014</b>							
Cash	3.0	26,909	-	-	-	-	26,909
Receivables		-	-	-	-	378,376	378,376
Payables		-	-	-	-	(766,568)	(766,568)
		26,909	-	-	-	(388,192)	(361,283)
<b>30 June 2013</b>							
Cash	3.0	169,868	-	-	-	-	169,868
Receivables		-	-	-	-	16,513	16,513
Payables		-	-	-	-	(321,339)	(321,339)
		169,868	-	-	-	(304,826)	(134,958)

## Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

### 2. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (cont'd)

#### (a) Net Fair Values of Financial Assets and Liabilities

The net fair values of:—

- Term receivables, government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present values
- Other assets and liabilities approximate their carrying values due to the short periods of maturity.

	Consolidated Entity			
	2014 Carrying Amount \$	2013 Carrying Amount \$	2014 Fair Value \$	2013 Fair Value \$
<b>Financial assets</b>				
Cash	26,909	169,868	26,909	169,868
Receivables	378,376	16,513	378,376	16,513
Other Financial Assets	143,707	68,012	143,707	68,012
<b>Financial liabilities</b>				
Payables	766,568	321,339	766,568	321,339

#### (b) Sensitivity Analysis

The Group has performed a sensitivity analysis relating to its exposure to interest rate risks, as follows. At 30 June 2014, the effect on profit and equity as a result of changes in interest rates, all other variables being constant is:

Change in Profit	Consolidated Entity	
	2014 \$	2013 \$
- Increase in rates by 1%	269	1,699
- Decrease in rates by 1%	(269)	(1,699)
<b>Change in Equity</b>		
- Increase in rates by 1%	269	1,699
- Decrease in rates by 1%	(269)	(1,699)

The movement in profits are due to higher/lower interest received. As the Group does not have any derivative instruments the movements in equity are those of profit only. A movement of + and – 1% is selected because this is historically is within a range of rate movements within Australian markets.

	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
<b>3. Revenue</b>		
<b>(i) Crediting as Revenue:</b>		
Interest	335	648
Research Grant	-	24,981
<b>Other Income:</b>		
Other Income	7,750	3,500
Sale of Intellectual Property	-	79,952
	<b>8,085</b>	<b>109,081</b>

**Notes To and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014 (cont'd)**

<b>4. INCOME TAX</b>	<b>Consolidated Entity 2014 \$</b>	<b>Consolidated Entity 2013 \$</b>
The prima facie tax on operating result is reconciled to the income tax provided in the financial statements as follows:	(3,917,512)	(802,271)
Income tax expense/(benefit) calculated at 30%	(1,175,254)	(240,680)
Add/(Less) tax effect of:		
Research & Development Concession	(593,204)	(229,151)
Reversal of Temporary Difference	(297,474)	(76,478)
Non-assessable items	(18,807)	-
Tax loss not recognised as an asset	1,194,061	240,680
<b>Income tax (benefit)</b>	<b>(890,678)</b>	<b>(305,629)</b>
<b>Tax Losses</b>		
Unused tax losses for which no deferred tax asset has been recognised:	28,801,630	25,288,873
Potential tax benefit at 30%	8,640,489	7,586,662

The extent of tax losses incurred by the Company has been identified above. However a deferred tax asset in respect of tax losses has not been accounted for as an asset in the financial statements as the realisation of the benefit is not probable. In addition, the tax losses identified above may not be able to be recovered in future taxable income earning years as the recoverability of the tax losses is dependent on the Company meeting the continuity of ownership test or same business test to enable all or part of these losses to be utilised.

<b>5. TRADE AND OTHER RECEIVABLES</b>	<b>Consolidated Entity 2014 \$</b>	<b>Consolidated Entity 2013 \$</b>
<b>Current</b>		
Other debtors (i)	378,376	16,513
- 0 to 3 months	378,376	16,513
	<b>378,376</b>	<b>16,513</b>

- (i) Other debtors are current and not impaired. In 2014, they include a research and development incentive receivable from the Australian Taxation Office of \$313,713.

## PLENTEX LIMITED

### Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

6. PROPERTY, PLANT AND EQUIPMENT	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
Plant and equipment at cost	103,776	86,767
Less: Provision for depreciation	(85,573)	(80,573)
	18,203	6,194
Plant and equipment		
Balance – start of year	6,194	10,174
Additions	17,009	1,520
Disposals	-	-
Depreciation	(5,000)	(5,500)
Balance – end of year	18,203	6,194

### 7. OTHER FINANCIAL ASSETS

	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
Available for sale asset (a)	143,707	68,012

(a) Unlisted private company shares held in RE-TIME PTY LTD (2013: Prosthesis Pty Ltd)

### Ownership Interest in Subsidiaries Held by the Company

Company	Ownership Interest	
	2014 %	2013 %
Georgetown Mining Limited	100%	100%
Triumph Resources Pty Ltd (ii)	100%	100%
Pacific Fertilisers And Chemicals Pty Ltd (PFC)	75%	75%
Pacific Aquaproducts Pty Ltd	100%	n/a
Blue Sundial Pty Ltd	100%	100%
Plentex (Operations) Pty Ltd	100%	100%
Nideux Limited	56.6%	n/a
Nest Group Limited	56.6%	39%
Xerion Limited	100%	n/a

(i) All entities are incorporated in Australia

(ii) Owned by Georgetown Mining Limited.



**Notes To and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014 (cont'd)**

**7. OTHER FINANCIAL ASSETS (cont'd)**

- (iii) During the reporting period, the company acquired control of Nest Group Limited for an additional consideration of \$256,000 (in the prior year, it had invested \$80,000 in the entity). Details of the acquisition are as follows:-

	\$	\$	\$
Fair Value of Consideration (62.3%)			328,632
Net Assets Acquired:-			
Cash	120		
Intellectual Property	182,880		
Sundry Receivables	14,908	197,908	
Less Outside Equity Interest		(74,611)	(123,297)
Goodwill on Acquisition			205,335

After this acquisition, a scrip for scrip rollover occurred such that Plentex Limited transferred its shareholding from Nest Group Limited to Nideux Limited (the latter now owns 100% of Nest Group Limited).

- (iv) Xerion Limited (a wholly owned subsidiary) was established with the following intercompany transactions made:-

	\$	\$
Fair Value of Consideration transferred		902,500
Net Assets transferred:-		
Cash	2,500	
Intellectual Property	1,175,998	
Debts assigned from Plentex Limited	(275,998)	902,500
Net change		-

**Notes To and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014 (cont'd)**

<b>8. CURRENT TRADE AND OTHER PAYABLES</b>	<b>Consolidated Entity 2014 \$</b>	<b>Consolidated Entity 2013 \$</b>
<b>Current</b>		
Unsecured Interest Free Loan		
– <b>Related Entities</b> (ii)	179,677	65,000
Creditors and Accruals (i)	586,891	256,339
	<b>766,568</b>	<b>321,339</b>

(i) Due to the short term nature of these payables, their carrying value is assumed to approximate fair value. For the year ended 30 June 2014 the Group has not provided any financial guarantees (2013: \$Nil).

(ii) Refer to Note 11 (d) for details on loans payable to related parties.

<b>9. ISSUED CAPITAL</b>	<b>Consolidated Entity 2014 \$</b>	<b>Consolidated Entity 2013 \$</b>
Ordinary shares and Performance Shares	8,402,871	9,128,521

	<b>Consolidated Entity 30 June 2014 \$</b>	<b>Consolidated Entity 30 June 2013 \$</b>
<b>ORDINARY &amp; PERFORMANCE CAPITAL</b>		
Ordinary Shares	8,402,871	8,424,871
A Class Shares	-	-
B Class Shares	-	181,650
C Class Shares	-	522,000
<b>Total Issued capital</b>	<b>8,402,871</b>	<b>9,128,521</b>

**PLENTEX LIMITED****Notes To and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014 (cont'd)****9. ISSUED CAPITAL (cont'd)**

During the current and prior period, share issues (for working capital purposes) occurred as follows:-

<b>Ordinary Shares</b>	<b>Number</b>	<b>\$</b>
<b>Balance 1 July 2013</b>	39,963,183	7,968,121
2,265,000 ordinary shares issued at 10 cents per share	2,265,000	226,500
1,601,923 ordinary shares issued at 13 cents per share	1,601,923	208,250
<b>Balance 30 June 2014</b>	<b>43,830,106</b>	<b>8,402,871</b>

<b>B Class Performance Shares</b>	<b>Number</b>	<b>\$</b>
<b>Balance 1 July 2013</b>	5,250,000	181,650
Lapsed during year	(5,250,000)	(181,650)
<b>Balance 30 June 2014</b>	<b>-</b>	<b>-</b>

<b>C Class Performance Shares</b>	<b>Number</b>	<b>\$</b>
<b>Balance 1 July 2013</b>	18,000,000	522,000
Lapsed during year	(18,000,000)	(522,000)
<b>Balance 30 June 2014</b>	<b>-</b>	<b>-</b>

The performance shares were subject to specific performance criteria, as previously disclosed in ASX releases.

In the current year, the B & C Class performance share criteria were not satisfied, hence the shares lapsed.

**Options over shares at start of period and issued/exercised during period.**

The table below summarises option movements during the period:-

Number Issued	30c / share Expiry 30 Nov 2014	25c / share Expiry 30 Nov 2013	25c / share Expiry 30 Sept 2014
Balance – 1 July 2013	6,750,000	14,934,428	7,460,000
Issues to 30 June 2014	-	-	-
Expired at 30 June 2014	-	(14,934,428)	-
Exercised to 30 June 2014	-	-	-
<b>Balance 30 June 2014</b>	<b>6,750,000</b>	<b>-</b>	<b>7,460,000</b>

Ordinary shares participate in dividends and the proceeds on winding up in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**Notes To and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014 (cont'd)**

**9. ISSUED CAPITAL (cont'd)**

**Capital Management**

Management controls the capital of the consolidated entity in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the consolidated entity can fund its operations and continue as a going concern.

The consolidated entity's capital includes ordinary share capital and financial liabilities, supported by financial assets. The consolidated entity has no borrowings other than intercompany loan balances which have all been forgiven at balance date as they are considered unrecoverable.

Management effectively manages the consolidated entity's capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues where necessary.

The consolidated entity is not subject to any externally imposed capital requirements.

**10. NOTES TO THE STATEMENT OF CASHFLOWS**

	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
<b>(a) Reconciliation of operating (loss) after income tax to net cash used in operating activities</b>		
Operating (loss) after income tax	(3,026,834)	(496,642)
Non-cash flows in operating loss:		
- Depreciation	5,000	5,500
- Impairment/Amortisation Intangibles	2,941,675	254,930
- Impairment of Associate	79,229	-
- Income Tax	(373,019)	(76,478)
Changes in assets and liabilities:		
- Decrease/(Increase) in receivables	(361,863)	(14,844)
- Increase/(Decrease) in payables	310,552	(147,977)
Net cash (used in) operating activities	(495,317)	(475,511)
<b>(b) Reconciliation of Cash</b>		
Cash at the end of the financial year as shown in the of cash flow statement is reconciled to items in the statement of financial position as follows:		
- Cash Assets	26,909	169,868

## Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

### 11. KEY MANAGEMENT PERSONNEL DISCLOSURES

#### a) Names and Positions

Names and positions of key management personnel in office at any time during the financial year are:-

Key Management Person	Position
P C Streader	Executive Chairman
D Vinson	Executive Director
D P Goldman	Non Executive Director
C L Roberts	Non Executive Director
D Campi	Non Executive Director
G M Woolrich	Administration Manager
D J Streader	Company Secretary

#### b) Key Management/Personnel Compensation Policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for directors and key executives. The Board also reviews and ratifies the Managing Director's recommendations on the remuneration of key management and staff.

##### Executive and Key Management Personnel Remuneration

Contracts for services are reviewed on a regular basis to ensure that they properly reflect the duties and responsibilities of the individuals concerned. The executive director and key management personnel's remuneration is based on a number of factors including length of service, relevant market conditions, knowledge and experience within the industry, organisational experience, performance of the Company, and ensuring that the remuneration is competitive in retaining and attracting motivated people. There are no guaranteed pay increases included in senior executives' contracts.

Currently the executive and key management personnel remuneration comprises total fixed remuneration and does not comprise any incentive-based remuneration. The executive director and key management personnel are not entitled to any retirement benefits.

##### Non-Executive Directors

During the financial year the Non-Executive Directors received no share-based payments. The Non-Executive Directors do not currently participate in any cash bonus or share or option plans. There are no retirement benefits provided to Non-Executive Directors.

##### Key Management Personnel Compensation

Details of the contracts for key management personnel are outlined under the heading 'Executive Service Contracts' in the Remuneration Report included in the Directors' Report.

The aggregate compensation paid or payable to key management personnel of the Company is set out below:

	2014 \$	2013 \$
Short-term employee benefits*	217,487	152,137
Post-employment benefits	-	-
Other long-term benefits:		
Termination benefits	-	-
Share-based payments	-	-
	217,487	152,137

## Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

### 11. KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)

#### (c) Other transactions with related parties

Type of Transaction	Party	Note	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
Management & Secretarial Fees	Resorsco Management Pty Ltd	(i)	64,387	67,137
Consulting Fees	CR Mining Services Pty Ltd	(ii)	-	-
Company Secretary Fees	Peninsula Accounting Partners Pty Ltd	(iii)	-	-
Consulting Fees	Neptunian Nominees Pty Ltd	(iv)	151,000	85,000
Consulting Fees	V B Fam Pty Ltd	(v)	3,100	-
			218,487	152,137

- (i) Resorsco Management Pty Ltd ("Resorsco") is a director related entity of Mr PC Streader and Ms GM Woolrich. Resorsco supplies the services of Mr. Streader as Executive Chairman and Managing Director of the Company, and provides the services of certain secretarial, accounting and administrative staff.
- (ii) An entity in which Mr C Roberts has an interest.
- (iii) An entity in which Mr D Streader has an interest.
- (iv) An entity in which Mr D Goldman has an interest.  
Fees received prior him becoming a Director of the Company.
- (v) An entity in which Mr D Vinson has an interest.

These transactions were on normal commercial terms and conditions.

Amounts above are included within Remuneration of Key Management Personnel in the Directors' Report.

As at balance date \$35,748(2013: \$nil) remained owing to Resorsco. No interest is charged on outstanding balances.

#### (d) Loans Payable to related parties

- (i) The total Unsecured Interest Free Loans (note 8) consists of two separate loans payable to Union Star Investments of \$129,677 (affiliated with director Peter C. Streader) and Mr Darwin Campi of \$50,000.

**PLENTEX LIMITED**
**Notes To and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014 (cont'd)**

12. INTANGIBLE ASSETS	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
<b>Goodwill on Acquisition of Controlled Entity</b>		
Balance at start of year	-	-
Additions during year - refer note 7(iii)	205,335	-
Impairment	(205,335)	-
Balance at end of year	-	-
<b>Nest Group Intellectual Property</b>		
Balance at start of year	-	-
Additions during year	182,880	-
Impairment	(182,880)	-
Balance at end of year	-	-
<b>Blue Sundial:</b>		
Cost at the start of the year	1,920,230	1,898,585
Additions for the year	-	21,645
Cost at the end of the year	1,920,230	1,920,230
Amortisation at the start of the year	(270,066)	(124,021)
Charge for the year	-	(146,045)
Impairment	1,650,164	-
Amortisation at the end of the year	(1,920,230)	(270,066)
Net book value at the end of the year	-	1,650,164
<b>Flinders Partners:</b>		
Cost at the start of the year	1,088,846	1,088,846
Additions for the year	-	-
Cost at the end of the year	1,088,846	1,088,846
Amortisation at the start of the year	(190,550)	(81,666)
Charge for the year	-	(108,884)
Impairment	(898,296)	-
Amortisation at the end of the year	(1,088,846)	(190,550)
Net book value at the end of the year	-	898,296
<b>Total Balance – 30 June 2014</b>	<b>-</b>	<b>2,548,450</b>

Intangible assets (intellectual property pertaining to Blue Sundial Pty Ltd and Flinders Partners) were previously being amortised over their useful lives (Estimate: 10 years) in 2013.

In 2014, given a redirection of Company activities, these assets were written down to \$nil, albeit, they continue to contribute (ie. the Intellectual Property) to other Company pursuits.

Nest Group Limited intellectual property and goodwill was acquired in June 2014. To comply with AASB 136, both assets were written down / impaired to \$nil after acquisition, albeit the Directors believe such assets have ongoing economic value to the Group and will contribute to future profitability.

**Notes To and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014 (cont'd)**

**13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

	Consolidated Entity	
	30 June 2014 \$000	30 June 2013 \$000
Prosthesis Pty Ltd	105,013	-
Less Impairment	(79,229)	
Nest Group Limited	-	80,000
	25,784	80,000

Interests are held in the following associated companies:

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carrying Amount of Investment	
				30 June 2014 %	30 June 2013 %	30 June 2014 \$	30 June 2013 \$
Unlisted:							
Nest Group Limited	Commercialisation of New Technology	Australia	Ord	-	39.0	-	80,000 (i)
Prosthesis Pty Ltd	Life sciences	Australia	Ord	21.47	-	25,784(ii)	-

- (i) In 2013, the parent entity acquired an interest in Nest Group Limited (interest as at 30 June 2013, represented a 39.0% interest in the entity). A further interest was acquired in 2014 (23.3%). The interest in Nest Group Limited was subsequently transferred to Nideux Limited, which is controlled by the parent entity. Nideux Limited owns 100% of Nest Group Limited at reporting date. Hence at the end of this reporting period, Nest Group Limited is now being accounted for as a controlled entity.
- (ii) In 2013, the parent entity had acquired a 13.4% interest in Prosthesis Pty Ltd. This was increased to 21.47% in the 2014 year. The carrying value was revised downwards to recognise its share of (Prosthesis) net assets as at June 2014, leading to impairment adjustment of \$79,229.



**PLENTEX LIMITED**
**Notes To and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014 (cont'd)**
**13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (cont'd)**

		<b>Consolidated Group</b>	
		<b>30 June 2014</b>	<b>30 June 2013</b>
		<b>\$</b>	<b>\$</b>
a.	Reconciliation of the consolidated entity's carrying amount for investment in associated companies:		
	Balance at beginning of the financial year	80,000	-
Add:	Transfer from other financial assets	68,012	-
	New investments during the year	37,001	80,000
Less:	Impairment of associate	(79,229)	-
	Disposal of Associate	(80,000)	-
	Balance at end of the financial year	25,784	80,000

- b. Summarised presentation of aggregate assets, liabilities and performance of associates:

	<b>Nest Group Limited</b>		<b>Prosthesis Pty Ltd</b>	
	<b>30 June 2014</b>	<b>30 June 2013</b>	<b>30 June 2014</b>	<b>30 June 2013</b>
Current Assets	n/a	120	392	n/a
Non-Current Assets	n/a	724,880	172,749	n/a
Total Assets	n/a	725,000	173,141	n/a
Current Liabilities	n/a	-	52,653	n/a
Total Liabilities	n/a	-	52,653	n/a
Net Assets	n/a	725,000	120,488	n/a
Group's share	n/a	39%	21.4%	n/a
Group's share of associate's net assets	n/a	282,750	25,784	n/a
Revenue	n/a	-	-	n/a
Profit after tax of associates	n/a	-	-	n/a

## PLENTEX LIMITED

### Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

#### 14. AUDITORS REMUNERATION

	Consolidated Entity 2014 \$	Consolidated Entity 2013 \$
Amounts received or due and receivable by BDO for audit and review of the financial report	39,200	32,500
Other non-audit services	-	-
	39,200	32,500

The auditors received no other benefits.

#### 15. SEGMENT REPORTING

The economic entity was evaluating and developing its algae operation this year in the one geographic area, Australia. It also has investments in entities for strategic purposes.

##### Segment Performance

	Algae		Investments		Consolidated	
	June 2014	June 2013	June 2014	June 2013	June 2014	June 2013
	\$	\$	\$	\$	\$	\$
Segment Revenue	-	24,981	8,085	84,100	8,085	109,081
Segment Result/(Loss)	(3,030,466)	(504,588)	(887,046)	(297,683)	(3,917,512)	(802,271)

##### Total Segment Assets

	Algae \$	Investments \$	Consolidated \$
30 June 2014	313,713	279,266	592,979
30 June 2013	2,548,460	340,587	2,889,047

##### Total Segment Liabilities

	Algae \$	Investments \$	Consolidated \$
30 June 2014	275,997	490,571	766,568
30 June 2013	618,813	-	618,813

#### 16. COMMITMENTS AND CONTINGENCIES

\$nil (2013: \$116,000) payable to PSRF (SA) Microalgae Project

Property Lease Commitments:

	2014 \$	2013 \$
0-1 year	13,626	81,465
1-2 year	-	13,626
2-5 year	-	-
	13,626	95,091

**PLENTEX LIMITED****Notes To and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014 (cont'd)**

<b>17. EARNINGS PER SHARE</b>	<b>2014 Cents</b>	<b>2013 Cents</b>
Basic (loss) per share (cents)		
- ordinary shares	(7.32)	(1.41)
	<b>2014 \$</b>	<b>2013 \$</b>
Net (loss) attributable to members of the parent used in calculating overall basic (loss) per share	(3,020,002)	(496,642)
Weighted average number of ordinary shares on issue used in calculation of basic earnings per share		
- ordinary shares	41,237,833	35,125,876

**18. FAIR VALUE MEASUREMENT**

The Consolidated Entity measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- freehold land and buildings.

The Consolidated Entity does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

**a. Fair Value Hierarchy**

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

## Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

### 18. FAIR VALUE MEASUREMENT

#### a. Fair Value Hierarchy (cont'd)

##### Valuation techniques

The Consolidated Entity selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Controlled Entity are consistent with one or more of the following valuation approaches:-

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Consolidated Entity gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Controlled Entity's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation with the fair value hierarchy.

	30 June 2014			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Recurring fair value measurements</b>				
<i>Financial assets</i>				
Financial assets at fair value through profit or loss:	-	-	-	-
Available-for-sale financial assets:	-	-	143,707	143,707
<b>Total financial assets recognised at fair value</b>	-	-	143,707	143,707
<i>Non-financial assets</i>				
Freehold land & buildings	-	-	-	-
<b>Total non-financial assets recognised at fair value</b>	-	-	-	-

**Notes To and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014 (cont'd)**

**18. FAIR VALUE MEASUREMENT**

**a. Fair Value Hierarchy (cont'd)**

	30 June 2013			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Recurring fair value measurements</b>				
<i>Financial assets</i>				
Available-for-sale financial assets:	-	-	148,012	148,012
<b>Total financial assets recognised at fair value</b>	-	-	148,012	148,012
<i>Non-financial assets</i>				
Freehold land & buildings	-	-	-	-
<b>Total non-financial assets recognised at fair value</b>	-	-	-	-

*Level 3 assets and liabilities*

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Available- for-sale \$	Total \$'000
<b>Consolidated</b>		
Balance at 1 July 2012	148,012	148,012
Gains recognised in profit or loss	-	-
Gains recognised in other comprehensive income	-	-
	<hr/>	<hr/>
Balance at 30 June 2013	148,012	148,012
Amounts reclassified as investment in associate	(148,012)	(148,012)
Gains recognised in other comprehensive income	-	-
Additions	143,707	143,707
Disposals	-	-
	<hr/>	<hr/>
Balance at 30 June 2014	<u>143,707</u>	<u>143,707</u>

## Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

### 18. FAIR VALUE MEASUREMENT

#### b. Disclosed Fair Value Measurements

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

*Valuation techniques for fair value measurements categorised within level 2 and level 3*  
Unquoted investments have been valued using a price earnings ratio of similar entities.

### 19. PARENT ENTITY INFORMATION

The following information related to the parent entity, Plentex Limited, at 30 June 2014. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2014 \$	2013 \$
Current Assets	385,356	141,142
Non-current Assets	1,356,542	2,383,378
<b>TOTAL ASSETS</b>	<b>1,741,898</b>	<b>2,524,520</b>
Current Liabilities	838,565	630,012
Non-current liabilities	-	-
<b>TOTAL LIABILITIES</b>	<b>838,593</b>	<b>630,012</b>
<b>NET ASSETS</b>	<b>903,333</b>	<b>1,894,508</b>
Contributed equity	22,308,423	22,577,323
Reserves	71,550	71,550
Accumulated Losses	(21,476,640)	(20,754,365)
<b>TOTAL EQUITY</b>	<b>903,333</b>	<b>1,894,508</b>
Income for the year	1,774,010	108,641
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR</b>	<b>(1,425,925)</b>	<b>(579,367)</b>

## **PLENTEX LIMITED**

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### **Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)**

#### **20. SUBSEQUENT EVENTS**

##### **Proposed Acquisition of Biovite Business**

Despite strenuous efforts during June and July 2014, Plentex and its subsidiary Biovite Limited were unable to raise the funding required to complete the purchase of the Biovite business by the extended sunset date of 31 July 2014.

As a result the purchase contract automatically terminated and one of the consequences of this was the requirement to change the name of Biovite Limited to a name not containing the word "Biovite".

Effective 14 August 2014 the name of the Plentex subsidiary company originally known as Biovite Limited was changed to Xerion Limited.

Negotiations however were continued with the directors of Biovite Australia Pty. Ltd. and over the ensuing months a number of alternative acquisition proposals were explored, but in each case largely due to deteriorating investor sentiment in the biotechnology, sector they did not proceed.

In early January 2015 a new proposal involving the purchase of the issued capital of Biovite Australia Pty. Ltd. as opposed to buying the business of that company was developed which ultimately led to the acquisition of the company by an associate of Plentex on 17 February 2015.

Consideration for this purchase consisted of a mix of cash payable in instalments totalling \$3,000,000, and the issue to the Biovite shareholder vendors of 6,499,399 fully paid ordinary shares in Xerion and 2,499,770 Performance Shares and, subject to Plentex shareholder approval, 1,499,864 fully paid ordinary shares in Plentex.

An initial deposit of \$50,000 has been paid with the balance of deposit (\$450,000) due on 17 June 2015. The balance of the purchase price (\$2,500,000) is payable on or before 17 February 2017.

The Xerion Performance Shares have been issued on the basis that they will convert into fully paid ordinary shares if, within 24 months of the date of their issue, Xerion is successful in concluding the licensing of any product which contains or is to contain Biovite Australia's key bioactive product Amycot® or any derivative thereof or Xerion licenses its Dried Blood Spot sampling technique which results in consideration being payable to Xerion either as an upfront licence payment or guaranteed cumulative consideration payable by the licensee to Xerion exceeding \$4 million on a tiered conversion basis, depending on the cumulative consideration payable pursuant to an agreed licensing arrangement.

This event of conversion is to apply once only and in the event that any one of the above milestones is not achieved by the expiration of the 24 month period, the Performance Shares will lapse.

Xerion has assumed management control of Biovite Australia Pty. Ltd. and Plentex Directors, Peter Streader and Daniel Goldman, and Xerion's Chief Scientific Officer, Dr Vic Ilag, have been appointed as Directors of Biovite Australia Pty. Ltd.

Xerion has recently completed a second seed capital raising totalling \$570,750 at an issue price of 15 cents and plans to raise a further \$3 million (with the right to accept oversubscriptions up to a total of \$5 million) by way of an Offer Information Statement (OIM) at an issue price of 20 cents per share, commencing in late May 2015.

**Notes To and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014 (cont'd)**

**20. SUBSEQUENT EVENTS (cont'd)**

Xerion has engaged Melbourne based Sanston Securities Australia Pty. Ltd. as Corporate Financial advisor to the offer to assist Xerion with this capital raising.

Plentex hold 6,010,000 fully paid ordinary shares in Xerion together with 3,000,000 options exercisable at 30 cents at any time prior to 31 December 2016.

The capital structure of Xerion following the completion of the recent seed capital raising is as follows:

<b>Shareholders</b>	<b>No. of Shares</b>	<b>% Shareholding</b>
Plentex Limited	6,010,000	29.5%
Other shareholders	14,372,399	70.5%
<b>Total</b>	<b>20,382,399</b>	<b>100.0%</b>
<b>Optionholders</b>	<b>No. of Options</b>	<b>% Options</b>
Plentex Limited <sup>(1)</sup>	3,000,000	33.2%
Other optionholders <sup>(1)</sup>	1,577,999	17.5%
ESOP optionholders <sup>(2)</sup>	4,450,000	49.3%
<b>Total</b>	<b>9,027,999</b>	<b>100.0%</b>
<b>Performance Shares</b>		
Shareholders - Biovite Australia Pty. Ltd.	2,499,770	100.0%

Notes:

- (1) These options are exercisable at 30 cents at any time prior to 31 December 2016.
- (2) These options are exercisable at 30 cents at any time prior to 5 years from their date of issue subject to certain conditions.
- (3) Subject to the successful completion of the \$3 million capital raising referred to above, Xerion will issue to Sanston Securities (or their nominee) up to a further 3,538,240 options exercisable at 30 cents at any time prior to 5 years from their date of issue and in the case of full oversubscriptions being received, Xerion will issue 4,538,240 options to Sanston Securities (or their nominee).

With the acquisition of Biovite, Xerion now has 3 significant platforms to enhance its business growth:

1. An existing range of Australian Therapeutic Goods Administration (TGA) approved anti-fungal products that are already being sold in Australia and some offshore markets which currently generate cashflow. With a new professional marketing campaign and distribution strategy, Xerion expects sales to grow significantly.
2. An exciting new medical device/companion diagnostic tool that is market ready to generate substantial sales. This tool allows for a different way to collect blood in a cost effective manner perfectly suited to the mass market and has the potential to disrupt certain aspects of the existing labour intensive process for the collection of blood.
3. A portfolio of projects that are in various stages of research and/or development that will bring new naturally based algae products to the market in a controlled manner.



**Notes To and Forming Part of the Financial Statements  
for the Year Ended 30 June 2014 (cont'd)**

**20. SUBSEQUENT EVENTS (cont'd)**

Xerion's short-term objectives will be to expand the Calmagen® product line and boost sales and distribution. Xerion has appointed an internationally recognised marketing organisation SPRIM to investigate licensing opportunities, assist with the relaunch of the Biovite range of products, implementation of a digital marketing strategy including e-commerce capability and the appointment of additional local and international distributors. The product range will be launched in Canada in the second half of 2015. New products may be developed to treat acne, atopic dermatitis and other skin conditions using the AMYCOT® platform.

The market for fungal products is very large. Fungal infections of the skin and nails are a health concern worldwide affecting an estimated 10-20% of the global population. Biovite's Calmagen® product is very effective because it kills fungal spores unlike most existing products in the market which do not kill the fungi but only inhibit future growth. Most of these other products are chemically based and can have unwanted side effects. Naturally-based Calmagen® offers a safe and highly efficacious alternative that has been validated in multiple clinical trials.

Some months ago, Xerion acquired the worldwide exclusive commercial rights to the only Dried Blood Spot (DBS) technology that accurately measures fatty acids in blood and other biological fluids such as breast milk. The technology was developed by Prof. Robert Gibson from the University of Adelaide, a leading world authority in nutrition. It is currently being used in a clinical trial testing 5,500 pregnant mothers and in another trial testing 1,225 infants.

This technology has the potential in revolutionizing aspects of the personalised medicine/nutrition space by offering a robust companion diagnostic. Xerion will explore its immediate applications in determining the Omega 3 Index, an emerging therapeutic indicator and other fatty acid profiles which are good biomarkers for cardiovascular health, inflammation and cognitive health. The Company anticipates immediate revenues from the technology by selling it as a research tool in biomarker discovery and clinical trials. Other future revenue streams from the technology are currently under discussion.

Through its acquisition last year of Plentex's portfolio of algae based projects and related intellectual property, the focus of which was to develop a range of natural efficacious algae derived products, Xerion has access to novel algal strains and proprietary extraction methods that could feed a robust product pipeline. Xerion also has high valued research partnerships which will be key in expanding its algal based product platforms.

**Southern Bluefin Tuna Feed Project (now known as SA Aquafeed/Pet Food Project)**

In June/July 2014 Plentex conducted discussions with several tuna ranching companies with a view to carrying out on a cooperative basis a large scale tuna feed trial in 2015, modelled along the lines of the trial that was to have been conducted by the ASBTIA in 2014.

These discussions were not successful and it became increasingly apparent that the introduction of a manufactured aquafeed to the Port Lincoln tuna ranching industry was going to take much longer than Plentex had initially contemplated would be the case.

Whilst Plentex is confident that a variety of influences will eventually persuade the tuna ranching industry to abandon its current practice of feeding raw baitfish, it is clear that at least initially any new feed plant must focus on the production of other types of aquatic and animal feeds if it is to be viable.

After several months of consultation and study, Plentex has decided to relocate its planned manufacturing plant to a site in the Port Adelaide area and to initially focus on the production of premium grade and niche aquafeeds and pet foods.

## **PLENTEX LIMITED**

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### **Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)**

#### **20. SUBSEQUENT EVENTS (cont'd)**

Plentex has established a new company Protemax Pty Ltd as the corporate vehicle for this project and has commenced project feasibility studies. This project is now called the SA aquafeed/pet food project.

The feed manufacturing plant which Protemax is planning to establish will require capital investment in the order of \$35-40 million.

It is proposed that Protemax will initially seek seed capital funding independent of Plentex to fund the completion of a bankable feasibility study, which should allow it to attract a joint venture partner or private equity type investors which may provide the platform for a future IPO.

#### **Philippines Integrated Aquaculture Project**

Significant progress has been made with planning for stage 1 of this project which consists of the establishment of a rice dryer and mill, a cassava dryer and mill and a fish meal plant.

A detailed financial model has been developed for the project by an external consultant, which shows that the project should be very profitable.

A new Plentex subsidiary has been incorporated in the Philippines (Plentex Philippines Inc.) to be the corporate vehicle which will own and operate this project.

Another company Plentex Realty Inc. has also been incorporated to hold any real estate that is purchased by Plentex in the Philippines.

Each of these companies has its own Board of Directors which includes in each case, three Philippine resident directors who bring relevant and impressive experience to the Board.

#### **Change of Name**

On 20 October 2014 Plentex subsidiary Nideux Limited changed its name to UniPartners Limited.

#### **FUNDING**

##### **R&D Tax Incentive Program - AusIndustry (on behalf of Innovation Australia) and the Australian Taxation Office**

The Company received \$313,713.45 on 4 September 2014 as a tax refund for eligible research and development (R&D) expenditure in relation to the development of its proposed micro/macro algae and aquafeed businesses during the financial year ended 30 June 2014. This amount is reflected as a receivable in the 30 June 2014 accounts.

##### **Expiry of the Company's 30 September 2014 Options**

A total of 7,460,000 options which were exercisable at 25 cents per share at any time prior to 30 September 2014, expired unexercised on 30 September 2014.

##### **Expiry of Executive Options - 30 November 2014**

A total of 6,750,000 executive options which were exercisable at 30 cents per share (subject to meeting a trading price hurdle) at any time prior to 30 November 2014, expired unexercised on 30 November 2014.

## PLENTEX LIMITED

### Notes To and Forming Part of the Financial Statements for the Year Ended 30 June 2014 (cont'd)

#### 20. SUBSEQUENT EVENTS (cont'd)

##### Placements

The Company has raised a total of \$573,000 since the end of the financial year, by the placement of 5,730,000 fully paid ordinary shares at an issue price of ten cents per share.

##### Future Funding

Whilst Plentex will not be required to provide further financial support to Xerion, it is important that new funds be raised by the Company to advance its core activities in the Philippines, initially support Protemax's activities and to meet Plentex's day to day operating costs.

To facilitate this capital raising and address other ancillary matters, Plentex is preparing to convene a General Meeting of its shareholders which is to be held on 29 June 2015.

At this meeting shareholders will be asked to authorise the placement of up to 12,500,000 fully paid ordinary shares to sophisticated and other exempt investors at an issue price of ten cents per share.

This is to be the first phase of a two phase capital raising program, the second of which planned for later in the year being by way of an offering under a prospectus of up to 20,000,000 fully paid ordinary shares at an issue price of 30 cents per share.

The Phase 2 capital raising will be subject to and conditional upon Plentex shareholders approving in General Meeting the consolidation of the Company's share capital on a 1 new share for every 2 existing shares basis.

As part of this consolidation process (again subject to prior shareholder approval), Plentex shareholders will be offered 3 bonus options for every 5 shares held on a post consolidation basis. These options will be exercisable at 35 cents at any time prior to 31 March 2018.

The Directors hope that successful completion of the planned Phase 2 capital raising will result in the re quotation of the Company's securities on the ASX. This will require that in addition to raising the targeted \$6,000,000 that the Company meet the other requirements of Chapters 1 & 2 of the ASX Listing Rules

This offer will include provision for a priority offer to Plentex shareholders.

#### 21. EQUITY: NON –CONTROLLING INTEREST

	Consolidated	
	2014	2013
	\$	\$
Issued capital	148,261	-
Reserves	-	-
Retained profits	(6,832)	-
	<u>141,429</u>	<u>-</u>

The non-controlling interest has a 43.4% (2013 – nil) equity holding in Nideux Ltd.

## **Declaration by Directors**

The directors of Plentex Limited declare that:

- (a) in the directors' opinion the financial statements and notes and the Remuneration Report in the Directors Report set out on pages 19 to 25 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2014 and of their performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001;
- (b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) as disclosed in note 1(a); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the chief executive officer and chief financial officer for the financial year ended 30 June 2014.

Signed in accordance with a resolution of the directors

Dated in Melbourne on the 29th day of May 2015.



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Peter C Streader  
Executive Chairman

## INDEPENDENT AUDITOR'S REPORT

To the members of Plentex Limited

### Report on the Financial Report

We have audited the accompanying financial report of Plentex Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other 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 of the consolidated entity comprising 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

## Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Plentex Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## Basis for Qualified Opinion

### *Carrying value of intangible asset*

The consolidated entity recorded intangible assets valued at \$2,548,460 in its statement of financial position as at 30 June 2013. The recoverability, at 30 June 2013, of the carrying amount of intangible assets in the consolidated entity's statement of financial position was dependent upon the ability of Plentex Limited to generate sufficient future cash flows from the assets. The directors provided representations that the carrying value of the intangible assets was recoverable. However, contrary to the requirements of Australian Accounting Standard 136: Impairment of Assets, the directors did not provide sufficient evidence to support their assertions. Consequently, we were unable to determine whether an adjustment to the carrying value of the intangible assets in the consolidated entity's statement of financial position was required as at 30 June 2013. During the financial year ended 30 June 2014 the consolidated entity impaired these intangible assets to nil. Our audit opinion on the financial report for the year ended 30 June 2013 was modified accordingly. Our opinion on the current year's financial report is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

## Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph:

- (a) the financial report of Plentex Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 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.

## Emphasis of matter

Without further modifying our opinion, we draw attention to Note 1(b) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, which is subject to shareholder approval. These conditions, along with other matters as set out in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

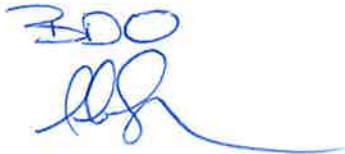
## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 19 to 25 of the directors' report for the year ended 30 June 2014. 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.

### **Opinion**

In our opinion, the Remuneration Report of Plentex Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

**BDO East Coast Partnership**

A handwritten signature in blue ink, appearing to read 'AS', is written over a faint, stylized blue 'BDO' logo.

**Alex Swansson**

**Partner**

Melbourne, 29 May 2015

## PLENTEX LIMITED

### Shareholder Information as at 30 April 2015

The shareholder information set out below was applicable at 30 April 2015.

#### A. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of ordinary shares are listed below:

NAME	SHARES	% HELD
Flinders Partners Pty Ltd	4,000,000	8.96
Sarah Mikhael	3,500,000	7.84
Tomy Investments Pty Ltd	2,119,896	4.75
Darwin Campi	2,016,400	4.51
Union Star Investments Pty Ltd * <sup>1</sup>	1,649,626	3.69
Allan McGain	1,556,400	3.48
Torrington Pty Ltd	1,500,000	3.36
Lahare Pty Ltd * <sup>2</sup>	1,424,848	3.19
Mason Reiner	1,424,848	3.19
VB Fam Pty Ltd * <sup>3</sup>	1,424,848	3.19
MKM Superannuation Fund Pty Ltd	1,330,000	2.98
Hammond Royce Corporation Pty Ltd	800,000	1.79
Pepwing International Holdings Limited	695,325	1.56
Bridge Capital Partners Pty Ltd (In Liquidation)	632,493	1.42
Darcy Hugh Russell	620,000	1.39
Laurient Holdings Pty Ltd	556,038	1.25
Lenfam Pty Ltd	500,000	1.12
NRL Superannuation Fund Pty Ltd	500,000	1.12
Anthony John Willoughby	440,000	0.99
Ciril Campelj	425,000	0.96
Rounding		0.02
	<b>27,115,722</b>	<b>60.72</b>

\*<sup>1</sup> Shareholder associated with a Director, P C Streader.

\*<sup>2</sup> Shareholder associated with a Director, D P Goldman.

\*<sup>3</sup> Shareholder associated with a Director, D Vinson.

#### B. DISTRIBUTION OF SHAREHOLDERS

Analysis of number of shareholders by size of holding.

CATEGORY OF HOLDING	HOLDERS	NO OF SHARES	% OF CAPITAL
Up to 1,000	3,081	371,634	0.83
1,001-5,000	283	630,632	1.41
5,001-10,000	74	538,660	1.21
10,001-100,000	106	4,420,424	9.90
100,001 and above	77	38,698,754	86.65
	<b>3,621</b>	<b>44,660,104</b>	<b>100.00</b>



**Shareholder Information  
as at 30 April 2015****C. SUBSTANTIAL SHAREHOLDERS**

As at 30 April 2015 the substantial shareholders were as follows:

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE HELD
Flinders Partners Pty Ltd	4,000,000	8.96
Sarah Mikhael	3,500,000	7.84

**D. VOTING RIGHTS**

The number of holders of fully paid ordinary shares was 3,621 each of whom present in person or by proxy or by an attorney at any General Meeting of the Company, shall have on a show of hands one vote and upon a poll shall have one vote for each share held.

**E. COMPANY SECRETARY**

The name of the Company Secretary is David J Streader.

**F. PRINCIPAL REGISTERED OFFICE & PRINCIPAL ADMINISTRATIVE OFFICE**

The address of the principal registered and administrative office in Australia is 246 Esplanade, Brighton, Victoria, 3186, telephone (03) 9553 8896.

**G. REGISTER OF SECURITIES**

The registers of securities are held by Computershare Investor Services Pty Limited at 452 Johnston Street, Abbotsford, Victoria, 3067, telephone (03) 9415 5000.

## **Corporate Governance Statement**

The Board of the Company is responsible for monitoring the business affairs of the Company and protecting the rights and interests of shareholders. The corporate governance practices in place throughout the financial year have aimed to ensure the implementation of a strategic business plan and an integrated framework of accountability over the Company's resources, functions and assets.

Effective 6 May 2011, the Company adopted a formal Corporate Governance Policy which was lodged with ASX and is available on the Company's website [www.plentex.com.au](http://www.plentex.com.au). This policy outlines the main corporate governance policies currently in place.

In addition attention is drawn to following specific matters.

### **Composition of Board**

The Board currently comprises of five Directors, of whom two are executive directors and three non executive directors. The names, qualifications and relevant experience of each Director are set out in the Directors' Report. During the financial year the Company had one independent Director, namely Christopher Linden Roberts.

For the purposes of the above when determining whether a non executive director is independent, the director must not fail any of the following criteria:

- apart from directors fees and shareholdings, independent directors should not have any business dealings which could materially affect their independent judgement;
- must not be a substantial shareholder or nominee of a substantial shareholder (as defined under Section 9 of the Corporations Act);
- must not have been in an executive capacity in the Company in the last three years;
- must not have been in an advisory capacity to the Company in the last three years;
- must not be a significant customer of or supplier to the Company;
- must not be appointed through a special relationship with another Board member;
- must not owe an allegiance to a particular group of shareholders which gives rise to a potential conflict of interest; and
- must not hold conflicting cross directorships.

The Board plans to increase the number of independent directors on the Board, over the next two years.

### **Board Membership**

The current Board provides a blend of qualifications, skills and experience for managing a Company operating within the Company's new field of activity.

### **Appointment and Retirement of Directors**

Under the Company's Constitution, the minimum number of Directors is three. At each Annual General Meeting of the Company one third of the Directors (excluding the Managing Director) must retire, with Directors returning by rotation based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election.

### **Duties of Directors**

Directors are expected to accept all duties and responsibilities associated with the running of a public Company, to act in the best interests of the Company and to carry out their duties and responsibilities with due care and diligence.

In accordance with the Corporations Act and the Company's Constitution, Directors must keep the Board advised on an ongoing basis of any interest that could potentially conflict with those of the Company.

Where the Board believes a significant conflict exists, the Director concerned will not receive the relevant Board papers and will not be entitled to attend the Board meeting at which it is intended that the relevant item will be considered by the Board.

Details of Directors' related party transactions with the Company and its controlled entities are set out in Note 11 of the Notes to and forming part of the Financial Report to which this statement is appended.

### **Independent Professional Advice and Access to Company Information**

Each Director has the right of access to all relevant Company information and to the Company's executives, and subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense.

Where independent professional advice is obtained, a copy of the advice is made available to all other members of the Board.

### **Remuneration Arrangements**

The remuneration of the Executive Chairman has been decided by the Board and this will be reviewed from time to time. The total maximum remuneration of Non-Executive Directors has been fixed by shareholders resolution at \$200,000 per annum in aggregate.

This 'fee pool' (is inclusive of statutory superannuation) and is only available to Non Executive Directors as Board membership is taken into account in determining the remuneration paid to Executive Directors as part of their normal employment conditions.

In addition to remuneration, a Non-Executive Director may be paid fees or other amounts where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

A Director may also be reimbursed for out of pocket expenses incurred as a result of his directorship or any special duties.

During the financial year the services of the Company's Managing Director, Daniel P Goldman, and Executive Director – Operations, David Vinson, were provided pursuant to consulting agreements. Their remuneration arrangements are set out in the Remuneration Report at pages 19 to 24.

The Board has recently established a Remuneration Committee which is responsible for making recommendations to the Board regarding remuneration of non executive and executive directors.

### **Performance Evaluation**

Ongoing performance evaluation of the Board and all Board members is conducted (albeit not formally) by the Board.

### **Committees**

As noted in the Company's Corporate Governance Policy the Board has recently established the following committees:

#### Audit and Risk Committee

*The members of this committee are:*

Christopher L Roberts (Chairman)  
Peter C Streader  
David Vinson

#### Remuneration Committee

*The members of this committee are:*

Christopher L Roberts (Chairman)  
Darwin (Ric) Campi

### **Management**

During the financial year the Company's day to day business affairs and operations were managed by the Company's Executive Chairman, Mr Peter C Streader, and by the Company's Managing Director, Mr Daniel P Goldman.

### **Managing Business Risks**

As noted above the Company has established an Audit and Risk Committee. As part of its role this committee is charged with the responsibility of advising and assisting the Board in assessing risk factors associated with the execution of projects or operations generally in which the Company is involved from time to time.

Additionally the Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

### **ASX Corporate Governance**

To enhance listed entities disclosure of corporate governance issues, the ASX Corporate Governance Council (CGC) was established on 1 August 2002.

The CGC was established for the purpose of setting an agreed set of corporate governance standards of best practice for Australian listed entities.

The CGC released the Principles of good corporate governance and best practice recommendations on 31 March 2003 ("the Principles").

Following an extensive review and public consultation, the CGC released a second edition of the Corporate Governance Principles and Recommendations (Revised Principles) on 2 August 2007.

On 30 June 2010 the CGC released changes to the Corporate Governance Principles and Recommendations that included a recommendation that entities listed on ASX disclose in their annual report their achievement against gender objectives set by their board; and the proportion of women on the board. These changes came into operation on 1 January 2011.

ASX Listing Rule 4.10.3 requires that a listed entity must disclose in its Annual Report the extent to which the entity has followed best practice recommendations set by the CGC during the reporting period and if a recommendation has not been followed, explain the reason why not.

Following a comprehensive review in 2012-13 the ASX Corporate Governance Council has recently issued a third edition of the Principles and Recommendations to reflect global developments in corporate governance since the second edition was published. This third edition is to take effect for an entity's first full financial year commencing on or after 1 July 2014.

The Directors of Plentex Limited consider that it is appropriate that the Company adopt the third edition earlier and state its position in relation to the revised principles in this Annual Report as disclosed in the following Corporate Governance Statement.

## Corporate Governance Statement

<b>Principle 1 - Lay solid foundations for management and oversight</b> <b>Companies should establish and disclose the respective roles and responsibilities of board and management.</b>	
<b>Recommendation 1.1</b> A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Whilst not formalised in writing, there is a clear understanding within the current Board as to the respective roles of the Board and management and this is observed at all times. The Board intends to document these understandings in a detailed Board Charter which will be developed and formally adopted prior to the end of the current financial year.
<b>Recommendation 1.2</b> A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	(a) The Company will comply with this Recommendation as the occasion arises.  (b) The Company will comply with this Recommendation as the occasion arises.
<b>Recommendation 1.3</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company complies with this Recommendation.
<b>Recommendation 1.4</b> The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.	The Company currently complies with this Recommendation.
<b>Recommendation 1.5</b> A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the	(a) to (c) The Company believes that given the size and scale of its current operations, compliance with this Recommendation is not appropriate.  The Company intends as the scale of its operations increase to develop a formal "Diversity Policy" which will be published on its website.  The Company will thereafter comply with the ongoing requirements of Recommendation 1.5(c).

<p>entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	
<p><b>Recommendation 1.6</b> A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company does not presently comply with the Recommendation having regard to the size of the Board and the level and nature of the Company's present operations.</p> <p>The Board intends to review this situation and to introduce formal review processes in 2015.</p>
<p><b>Recommendation 1.7</b> A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Board as previously noted has established a Remuneration Committee which as part of its function will review the performance of its senior executives and have a formal process for doing so.</p>

<p><b>Principle 2 – Structure the board to add value</b> <b>A listed entity should have a board of appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</b></p>	
<p><b>Recommendation 2.1</b> The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director; and disclose</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Board's view is that the Company is not currently of the size nor is it likely to be so in the near future to justify the formation of a separate nomination committee. The Board currently performs the functions of a nomination committee and where necessary will seek the advice of external advisors in relation to this role.</p> <p>The Board intends to review the current policy in relation to the establishment of a nomination committee in 2015.</p>

## PLENTEX LIMITED

<p><b>Recommendation 2.2</b> A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Company does not currently comply with this Recommendation and will do so in the future.</p>
<p><b>Recommendation 2.3</b> A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) the names of the directors considered by the board to be independent directors;</li> <li>(b) if a director has an interest,, position, association or relationship of the type described in Box 2.3 (page 16 of the Corporate Governance Principles and Recommendation - 3<sup>rd</sup> edition) but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</li> <li>(c) the length of service of each director.</li> </ul>	<p>The Company currently complies with this Recommendation and will do so in the future.</p>
<p><b>Recommendation 2.4</b> The majority of the board of a listed entity should be independent directors.</p>	<p>The Company does not presently comply with this Recommendation but as noted in Section 5.2, the Board may consider appointing additional independent Directors in the future.</p> <p>The Company believes that given the nature and scale of its current and likely operations in the immediate future, non-compliance by the Company with this Recommendation 2.4 is not detrimental to the Company.</p>
<p><b>Recommendation 2.5</b> The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>The Company does not presently comply with this Recommendation. The Company's Executive Chairman, Mr. P.C. Streader, is not an "independent director".</p> <p>Whilst the Board recognises that it is desirable for the Chairman to be an independent director, the Board considers that at the Company's current stage of development and size and the circumstances that will confront the Company in the immediate future, that this is not a requirement which needs to be satisfied at this time.</p>
<p><b>Recommendation 2.6</b> A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>The Company has no formal processes that currently meet this Recommendation, but will address this as the level and complexity of its operations increase in the future.</p>

<b>Principle 3 – Act ethically and responsibly</b> <b>A listed entity should act ethically and responsibly.</b>	
<b>Recommendation 3.1</b> A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	The Company does not currently have such a code. All Directors, executives and employees of the Company are expected to act with the utmost integrity and objectivity and to strive at all times to enhance the performance and reputation of the Company.
<b>Principle 4 – Safeguard integrity in corporate reporting</b> <b>A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.</b>	
<b>Recommendation 4.1</b> The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director who is not the chair of the board; and disclose: (3) the charter of the committee, (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	The Board has, as noted in Section 5.4, established an Audit and Risk Committee.  Having regard to the size and constituency of the Board as planned following quotation of the Company's securities, the Audit and Risk Committee will not comply with all requirements of Recommendation 4.1(a)(1) and (2).  The Company will comply with Recommendation 4.1(a)(3), (4) and (5).
<b>Recommendation 4.2</b> The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The Company will comply with this Recommendation.

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<b>Recommendation 4.3</b> A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The Company currently complies with this Recommendation and will do so in the future.
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<b>Principle 5 – Make timely and balanced disclosure</b> <b>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</b>	
<b>Recommendation 5.1</b> A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Company currently does not have such a written policy.  Having regard to the size of the Board, its management structure and the level of its operations (current and the immediate future), the Board considers that it has not been and is not likely in the immediate future necessary to have such a written policy.  The requirements of the ASX Listing Rules in relation to continuous disclosure are well known to the Board and the Company's management and every effort is made to comply with them.

<b>Principle 6 - Respect the rights of shareholders</b> <b>A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.</b>	
<b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.	The Company has a website and will comply with the Recommendation.
<b>Recommendation 6.2</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company intends to comply with this Recommendation in the near future as it redevelops its website.
<b>Recommendation 6.3</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	The Company currently complies with this Recommendation.
<b>Recommendation 6.4</b> A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.	The Company currently complies with this Recommendation.



<b>Principle 7 – Recognise and manage risk</b> <b>A listed entity should establish a sound risk and management framework and periodically review the effectiveness of that framework.</b>	
<b>Recommendation 7.1</b> The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director; and disclose: <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</li> </ul>	<p>The Board has, as noted in Section 5.4, established an Audit and Risk Committee.</p> <p>Having regard to the size and constituency of the Board following quotation of the Company's securities, the Audit and Risk Committee will not comply with all the requirements of Recommendation 7.2(a)(1) and (2).</p> <p>The Company will comply with Recommendation 7.1(a)(3), (4) and (5).</p>
<b>Recommendation 7.2</b> The board or a committee of the board should: <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>(b) disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	<p>The Company's Audit and Risk Committee will comply with this Recommendation.</p>
<b>Recommendation 7.3</b> A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating the continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	<p>The Company currently does not have an internal audit function and it is unlikely that this function will be introduced for several years.</p>
<b>Recommendation 7.4</b> A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>The Company has complied with this Recommendation.</p> <p>In the future years the Company will comply with this Recommendation.</p>

<b>Principle 8 – Remunerate fairly and responsibility</b> <b>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.</b>	
<b>Recommendation 8.1</b> The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a remuneration committee which: <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director; and disclose: <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ul>	<p>The Board has as noted in Section 5.4 established a Remuneration Committee.</p> <p>Having regard to the size and constituency of the Board, the Remuneration Committee will not be able to comply with all the requirements of Recommendation 8.1(a)(1) and (2).</p> <p>The Company will comply with Recommendation 8.1(a)(3), (4) and (5).</p>
<b>Recommendation 8.2</b> A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>The Company currently does so and will continue to do so in the future.</p>
<b>Recommendation 8.3</b> A listed entity which has an equity based remuneration scheme should: <ul style="list-style-type: none"> <li>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which will limit the economic risk of participating in the scheme; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	<p>The Company currently does not have such a scheme.</p> <p>If such a scheme is introduced in the future, the Company will comply with this Recommendation.</p>