Australian Renewable Fuels
ABN 66 096 782 188
158 Plemings Road
Barnawartha Victoria 3688
T 61 2 6042 8400
F 61 2 6042 8499
arfuels.com.au

22 September 2015

ASX Limited

Australian Renewable Fuels Limited (ASX: ARW) Annual General Meeting Documents

Australian Renewable Fuels Limited hereby provides copies of documents relating to the Company's Annual General Meeting which will be dispatched to shareholders today. Included in the attachments are:

- Notice of Annual General Meeting and Explanatory Memorandum; and
- Proxy Form.

Also attached is a copy of the Annual Report to be dispatched to those shareholders who have requested a copy.

Yours faithfully,

Mark Licciardo
Company Secretary

AUSTRALIAN RENEWABLE FUELS LIMITED

ABN 66 096 782 188

NOTICE OF ANNUAL GENERAL MEETING
and
EXPLANATORY MEMORANDUM

DATE OF MEETING
Friday 23 October 2015

TIME OF MEETING
11.00am (Melbourne time)

PLACE OF MEETING
Offices of Gadens, Level 25, Bourke Place, 600 Bourke Street, Melbourne, VIC, Australia 3000

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Notice of Annual General Meeting
of Australian Renewable Fuels Limited
ABN 66 096 782 188

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of Australian Renewable Fuels Limited ("**Company**") will be held at the offices of Gadens, Level 25, Bourke Place, 600 Bourke Street, Melbourne, VIC, Australia 3000 on Friday 23 October 2015 at 11.00am (Melbourne time) for the purpose of transacting the business set out in the agenda.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 7.00pm on 21 October 2015.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

The Proxy Form (and any relevant power of attorney or other authority under which the proxy form is signed) must be completed and returned to the Company no later than **11.00am (Melbourne time)** on **21 October 2015** in accordance with the instructions set out on the Proxy Form

Any Proxy Form received after that time will not be valid for the Annual General Meeting.

ORDINARY BUSINESS

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies, and forms part of, this Notice of Meeting.

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Annual Financial Report together with the Directors' and Auditor's reports for the year ended 30 June 2015.

RESOLUTION 1 – Adoption of Remuneration Report

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

> "That for the purposes of section 250R(2) of the *Corporations Act 2001* the Shareholders of Australian Renewable Fuels Limited adopt the Remuneration Report for the financial year ended 30 June 2015."

RESOLUTION 2 – Re-election of Mr Alan Fisher as a Director of the Company

To consider and if thought fit, pass the following resolution as an **ordinary resolution**:

> "That Mr Alan Fisher, being a Director, who retires by rotation in accordance with Rule 13.2 of the Company's Constitution and being eligible, be re-elected as a Director."

RESOLUTION 3 – Approval of 10% Placement Facility

To consider and if thought fit, pass the following resolution as a **special resolution**:

> "That for the purposes of Listing Rule 7.1A, the Directors are authorised to issue up to 10% of the Company's share capital calculated in accordance with Listing Rule 7.1A and otherwise on the terms and conditions set out in the Explanatory Memorandum attached."

CONTINGENT BUSINESS

RESOLUTION 4 – Board Spill Meeting

If required, to consider and if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

a. "That, subject to and conditional on at least 25% of the votes cast on Resolution 1 being cast against the adoption of the Remuneration Report:

    1. an extraordinary general meeting of the Company (the **Spill Meeting**) be held within 90 days of the passing of this resolution;
    2. all of the Non-Executive Directors in office when the Board resolution to make the Directors' Report for the financial year ended 30 June 2015 was passed (being Alan Fisher, Deborah Page and Michael Costello) and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and
    3. resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote of shareholders at the Spill Meeting."

Voting exclusions:

1. Resolution 1 is indirectly connected with the remuneration of members of the Key Management Personnel of the Company (**KMP Members**). In accordance with the requirements of the *Corporations Act 2001 (Cth)* (**Corporations Act**) the Company will disregard any votes cast on Resolution 1 by or on behalf of:

   - a KMP Member other than the Chairman; and
   - a closely related party of those persons (such as close family members and any companies the person controls),

   unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

   In regard to votes cast by the Chairman as proxy for a person entitled to vote in accordance with a direction on the proxy form, the Company will not disregard such votes by the Chairman provided that the appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a KMP Member.

   What this means for Shareholders: If you intend to appoint a KMP Member (such as one of the Directors) as your proxy, please ensure that you direct them how to vote on Resolution 1. If you appoint the Chairman as your proxy, and you do not direct your proxy how to vote on Resolution 1 on the proxy form, you will be expressly authorising the Chairman of the meeting to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of the KMP Members which include the Chairman.

   The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 1.

2. In relation to Resolution 3, the Company will disregard any votes cast on this resolution by a person who may participate in any proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed, or any of their associates. However, the Company need not disregard a vote if it is cast:

   - as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
   - by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the form to vote as the proxy decides.

3. Resolution 4 is indirectly connected with the remuneration of members of the key management personnel of the Company (**KMP Members**). In accordance with the requirements of the *Corporations Act 2001 (Cth)* (**Corporations Act**) the Company will disregard any votes cast on Resolution 4 by or on behalf of:

   - a KMP Member other than the Chairman; and
   - a closely related party of those persons (such as close family members and any companies the person controls),

   unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

   In regard to votes cast by the Chairman as proxy for a person entitled to vote in accordance with a direction on the proxy form, the Company will not disregard such votes by the Chairman provided that the appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a KMP Member.

   What this means for Shareholders: If you intend to appoint a KMP Member (such as one of the Directors) as your proxy, please ensure that you direct them how to vote on Resolution 4. If you appoint the Chairman as your proxy, and you do not direct your proxy how to vote on Resolution 4 on the proxy form, you will be expressly authorising the Chairman of the meeting to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of the KMP Members which include the Chairman.

   The Chairman of the meeting intends to vote undirected proxies **against** ***Resolution 4.***

This Notice of Meeting should be read in conjunction with the accompanying Explanatory Memorandum which forms part of this Notice of Meeting.

By order of the Board,

Mark Licciardo
Company Secretary
22 September 2015

Explanatory Memorandum

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting ("**Notice**") of Australian Renewable Fuels Limited ("**Company"**).

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice:

RESOLUTION 1 - Remuneration Report

Board recommendation and undirected proxies. The Board recommends that shareholders vote in **FAVOUR** of Resolution 1. The Chairman of the meeting intends to vote undirected proxies in **FAVOUR** of Resolution 1.

Pursuant to Section 250R (2) of the Corporations Act, a resolution adopting the Remuneration Report contained within the Directors' Report must be put to a vote.

Shareholders are advised that pursuant to Section 250R (3) of the Corporations Act, this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out within the Directors' Report in the Company's 2015 Annual Report which is available on the Company's website: www.arfuels.com.au. The Board is presenting the Remuneration Report (which forms part of the Directors' Report) to Shareholders for adoption, as required by the *Corporations Act 2001*. The Remuneration Report sets out details of the Company's remuneration policies and practices, as well as the remuneration of the directors and specified executives.

The Directors take shareholder concerns about executive remuneration seriously and believe that the changes in Board composition and remuneration during 2014 address the concerns that led to the "first strike" at last year's AGM. Shareholders will be asked to vote on the Remuneration Report. In accordance with the Corporations Act this vote is of an advisory nature only and does not bind the Company or its Directors. However, if the votes against the Remuneration Report again exceed 25% of the votes cast, the Company will receive a "second strike" and Resolution 4 will be put to the AGM.

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the Directors and other restricted voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

Shareholders should note that the Chairman will vote all available proxies in favour of Resolution 1. If you appoint the Chairman as your proxy, and you do not direct your proxy how to vote on Resolution 1 on the proxy form, you will be expressly authorising the Chairman of the Meeting to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of the KMP Members which include the Chairman.

Shareholders will also be provided with a reasonable opportunity to ask questions about or make comments on the Remuneration Report which forms part of the 2015 Annual Report.

RESOLUTION 2 – Re-election of Mr Alan Fisher as a Director of the Company

Board recommendation and undirected proxies. The Board recommends that shareholders vote in **FAVOUR** of Resolution 2. The Chairman of the meeting intends to vote undirected proxies in **FAVOUR** of Resolution 2.

Rule 13.2 of the Company's Constitution provides that at every Annual General Meeting of the Company one-third of the Directors or nearest to one-third if not a whole number (other than Alternate Directors and the Managing Director) shall retire from the office. The Directors to retire at an Annual General Meeting are those who have been longest in office since their last election. A retiring Director is eligible for re-election.

Mr Fisher retires by rotation in accordance with the Company's Constitution and, being eligible for re-election, offers himself for re-election as a Director.

He is currently an independent non-executive director and Chairman of the Board.

Mr Fisher has extensive business and corporate experience and in particular has expertise in financial and operations restructuring. Mr Fisher is currently the Managing Director of DMC Corporate Pty Ltd and Fisher Corporate Advisory Pty Limited and a director of IDT Australia Limited.

Mr Fisher has previously held the position of Chief Executive Officer of Pental Limited, during which time he was instrumental in its successful restructuring. He was also the Managing Director of HRL Limited, which involved a successful restructuring; and was a Corporate Finance Partner of Coopers & Lybrand.

Mr Fisher holds a Bachelor of Commerce from Melbourne University and is a Fellow of the Institute of Chartered Accountants. He is also an experienced company director and a member of the Australian Institute of Company Directors.

RESOLUTION 3 – Approval of 10% Placement Facility

Board recommendation and undirected proxies. The Board recommends that shareholders vote in **FAVOUR** of Resolution 3. The Chairman of the meeting intends to vote undirected proxies in **FAVOUR** of Resolution 3.

ASX Listing Rule 7.1A provides eligible companies (which includes the Company) the ability to raise an additional 10% of issued capital by way of placements over a 12 month period. This is in addition to a company's ability to issue up to 15% of its issued capital in a 12 month period without Shareholder approval. The number of Shares which may be issued by a company under Listing Rule 7.1A is calculated in accordance with the following formula:

$$(A \times D) - E$$

where

A is the number of shares on issue 12 months before the date of issue or agreement:

- plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- plus the number of fully paid ordinary shares issued in the 12 months with the approval of Shareholders under Listing Rule 7.1 or Listing Rule 7.4;
- less the number of fully paid ordinary shares cancelled in the 12 months.

D is 10%.

E is the number of shares issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or Listing Rule 7.4.

The Directors are seeking approval to have the additional capacity to issue a number of shares representing 10% of the issued share capital of the Company pursuant to Listing Rule 7.1A. ("**10% placement facility**")

While the Company does not have any immediate plans to issue shares, purposes for which shares may be issued pursuant to Resolution 3 may include the retirement of debt, for use as working capital and/or corporate growth opportunities.

The shares must be issued at an issue price that is at least 75% of the Volume Weighted Average Price for the Company's equity securities over the 15 trading days on which trades in that class were recorded immediately before:

a. the date on which the price at which the equity securities are to be issued or agreed; or

b. if the equity securities are not issued within 5 trading days of the date in paragraph (a) above, the date on which the equity securities are issued.

The Company may issue some of the shares for non-cash consideration, for example, as part of the consideration for an acquisition of assets but the issue price attributable to the shares shall be at least 75% of the Volume Weighted Average Price as referred to above.

In the event that shares are issued for non-cash consideration, the Company will announce to the market the valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any shares.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% placement facility under Listing Rule 7.1A. The identity of the allottees of Shares will be determined on a case by case basis having regard to factors including but not limited to the following:

- the methods of raising funds that are available to the Company, including rights issue or other issues in which existing Shareholders can participate;
- the effect of the issue of the shares on the control of the Company;
- the financial situation of the Company;
- advice from corporate, financial and broking advisors; and
- the potential benefits an allottee could provide to the Company as a strategic investor (if applicable).

The allottees under the 10% placement facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Provided that Shareholder approval is granted for Resolution 3, then there is a risk that the Share price may be lower on the issue date than on the date on which approval is given to this Resolution 3, and the shares may be issued at a discount to the market price for those equity securities. The table below is provided to illustrate the potential dilution of existing Shareholders on the basis of the current market price of shares and the current number of shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this notice.[1]

Variable "A" in Listing Rule 7.1A.2		**Dilution**		
		$0.12 **50% decrease in Issue Price**	$0.23 **Issue Price**	$0.46 **100% increase in Issue Price**
Current Variable A	**10% Voting dilution**	4, 195, 615	4, 195, 615	4, 195, 615
41, 956, 145	**Funds raised**	$482,496	$964,991	$1,929,983
50% increase in current Variable A	**10% Voting dilution**	6, 293, 422	6, 293, 422	6, 293, 422
62, 934, 218	**Funds raised**	$723,744	$1,447,487	$2,894,974
100% increase in current Variable A	**10% Voting dilution**	8, 391, 229	8, 391, 229	8, 391, 229
83, 912, 290	**Funds raised**	$964,991	$1,929,983	$3,859,965

The table shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of shares the Company has on issue. The number of shares on issue may increase as a result of issues of shares that do not require approval (for example, a pro rata entitlements issue) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of shares has decreased by 50% and increased by 100% as against the current market price.

If Shareholder approval is granted for Resolution 3, then that approval will expire on the earlier of:

i. 23 October 2016, being 12 months from the date of the Meeting; or

ii. the date Shareholder approval is granted to a transaction under Listing Rule 11.1.2 (proposed change to nature and scale of activities) or Listing Rule 11.2 (change involving main undertaking).

The Company obtained Shareholder approval under Listing Rule 7.1A at last year's AGM. The Company has not issued any shares since that approval was obtained.

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1 The table has been prepared on the following assumptions:
(i) The Company issues the maximum number of shares available under Listing Rule 7.1A;
(ii) No shares are issued on the conversion of options before the date of issue of the shares;
(iii) The table shows only the effect of shares issues under Listing Rule 7.1A and does not factor in the Company's ability to issue up to 15% of its issued capital under Listing Rule 7.1;
(iv) The issue price is $0.23, being the closing price of the shares on ASX on 8 September 2015.

CONTINGENT RESOLUTION 4 – Board Spill Meeting

Board recommendation and undirected proxies. The Board recommends that shareholders vote **AGAINST** Resolution 4. The Chairman of the meeting intends to vote undirected proxies **AGAINST** Resolution 4.

This resolution will only be put to the AGM if at least 25% of the votes cast on Resolution 1 to adopt the Remuneration Report for 2015 are cast against. If less than 25% of the votes cast are against adopting the Remuneration Report, then there will be no second strike and Item 4 will not be put to the AGM. If put, the spill resolution will be considered as an ordinary resolution. If this resolution is passed and becomes effective, a special meeting of shareholders known as a Spill Meeting must be held within 90 days. The following Non-Executive Directors will cease to hold office at the end of the Spill Meeting unless they are re-elected at the Spill Meeting:

- Mr Alan Fisher
- Mr Michael Costello

Even if he is re-elected at the AGM, Mr Alan Fisher will need to be re-elected at the Spill Meeting in order to remain in office.

Questions and Comments by Shareholders at the Meeting

In accordance with the Corporations Act, a reasonable opportunity will be given to Shareholders - as a whole - to ask questions or make comments on the management of the Company at the Annual General Meeting.

Similarly, a reasonable opportunity will be given to Shareholders - as a whole - to ask questions of the Company's external Auditor, Deloitte Touche Tohmatsu ("Deloitte"), relevant to:

a. the conduct of the audit;

b. the preparation and contents of the audit;

c. the accounting policies adopted by the Company in relation to the preparation of its financial statements; and

d. the independence of the Auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to Deloitte if the question is relevant to the content of Deloitte's audit report or the conduct of its audit of the Company's financial report for the year ended 30 June 2015.

Relevant written questions to Deloitte must be made no later than 7:00pm (Melbourne time) on 17 October 2015. A list of those questions will be made available to Shareholders attending the meeting. Deloitte will either answer questions at the meeting or table written answers to them at the meeting. If written answers are tabled at the meeting, they will be made available to Shareholders as soon as practicable after the meeting.

Please send written questions for Deloitte to:

By facsimile - +61 3 9981 0020;

Post to - Australian Renewable Fuels Limited – 158 Plemings Road, Barnawartha, VIC 3688

by no later than 7:00pm (Melbourne time) on 17 October 2015.

Glossary

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Company**" means Australian Renewable Fuels Limited ABN 66 096 782 188;

"**Corporations Act**" means *Corporations Act 2001* (Cth);

"**Director**" means a Director of the Company;

"**KMP Members**" means members of the key management personnel of the Company being the Directors and the key management personnel members as disclosed in the remuneration report which forms part of the Company's annual report for the year ended 30 June 2015 other than the chairman;

"**Listing Rules**" means the Listing Rules of the ASX;

"**Notice**" means the Notice of General Meeting accompanying this Explanatory Memorandum;

"**Resolution**" means a resolution contained in the Notice;

"**Shareholders**" mean holders of Shares; and

"**Shares**" means fully paid ordinary shares in the Company.

PROXY AND VOTING INSTRUCTIONS

For the purpose of determining a person's entitlement to vote at the Meeting, a person will be recognised as a Shareholder if that person is registered as a holder of Shares at **7.00 pm (Melbourne time) on 21 October 2015**.

A Shareholder entitled to attend and vote at the Meeting may appoint one or two proxies to attend and vote on their behalf. Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If the appointment does not specify the proportion or number of votes, each proxy may exercise half of the votes (in which case any fraction of votes will be disregarded). Each proxy will have the right to vote on a poll and also to speak at the Meeting

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) must be completed and returned to the Company no later than **11.00am (Melbourne time) on 21 October 2015** by:

- lodging it with Computershare Investor Services Pty Limited (452 Johnston Street, Abbotsford, VIC 3067);
- posting it in the reply paid envelope to Computershare Investor Services Pty Limited (GPO Box 242, Melbourne, VIC 3001); or
- faxing it to Computershare Investor Services Pty Limited (facsimile 1800 783 447 within Australia and +61 3 9473 2555 outside Australia).
- Relevant custodians may lodge their proxy forms online by visiting www.intermediaryonline.com

Any Proxy Form received after that time will not be valid for the scheduled meeting.

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation. The proxy may, but need not, be a Shareholder of the Company. A proxy form is attached to this Notice of Meeting.

Statement regarding undirected proxies

As disclosed on the proxy form it is the intention of the Chairman of the Meeting to vote any undirected proxies in favour of all resolutions except for Resolution 4 if it is required to be put to shareholders for consideration. Pursuant to the Listing Rules the proxy form is required to contain certain disclosures regarding the voting intentions of the Chairman regarding undirected proxies. Shareholders are advised to read the proxy form carefully.

Corporate representatives

Any corporation which is a Shareholder of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the Chairman of the Meeting) a natural person to act as its representative at the Meeting.

Voting entitlement

On a poll, Shareholders have one vote for every fully paid ordinary share held.

Australian Renewable Fuels Limited
ABN 66 096 782 188

Lodge your vote:

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

XX

For your vote to be effective it must be received by 11.00am (Melbourne time) Wednesday 21 October 2015

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔

View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

☑ **Review your securityholding**

☑ **Update your securityholding**

Your secure access information is:

SRN/HIN: I9999999999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Australian Renewable Fuels Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** ______________________

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Australian Renewable Fuels Limited to be held at the Offices of Gadens, Level 25, Bourke Place, 600 Bourke Street, Melbourne on Friday, 23 October 2015 at 11.00am (Melbourne time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1 and 4 (except where I/we have indicated a different voting intention below) even though Items 1 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Item 4 where the Chairman of the Meeting intends to vote against.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1 and 4 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business		For	Against	Abstain
Item 1	Adoption of Remuneration Report	☐	☐	☐
Item 2	Re-election of Director - Mr Alan Fisher	☐	☐	☐
Item 3	Approval of 10% Placement Facility	☐	☐	☐

Contingent Business

		For	Against	Abstain
Item 4	Board Spill Meeting	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Item 4 where the Chairman of the Meeting intends to vote against. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ______________________ **Contact Daytime Telephone** ______________________ **Date** ___ / ___ / ___

ARfuels

Annual Report 2015

Australian Renewable Fuels Limited
ABN 66 096 782 188

2015 highlights

EBITDA

UP 108%

$1,561,153

$3,250,206

Net profit/(loss)

UP 108%

($5,581,590)

$467,203

Cash

UP 82%

$953,013

$1,736,289

Contents

ARfuels
158 Plemings Road
24 Hour Phone: 02 6042 8400
arfuels.com.au

Letter from the Chairman and Managing Director

"With the Government Excise policy now resolved, our resources can be clearly focussed on building the business and delivering sustainable revenues and profits over the medium term"

Alan Fisher

Andrew White

Dear Shareholder,

Please find enclosed our Annual Report for the year ended 30 June 2015.

ARfuels progress during the year ended 30 June 2015 was in many respects stalled due to the highly damaging Federal Government Policy announcements on biodiesel excise in the May 2014 Federal Budget. Significantly, and after an extensive lobbying campaign, a favourable resolution was achieved in late June 2015.

The legislation now provides for the phase in of excise payable on biodiesel in equal increments over the next 16 years, from a zero rate in 2015-16 to a final rate of 50% of the full diesel excise rate in 2030-31.

This legislation provides a sustainable and positive platform for the industry and ARfuels to develop and grow over the longer term. The new legislation also imposes excise on imported biodiesel at the full rate, currently $0.392 per litre from 1 July 2015. This should effectively curtail the dumping of double subsidised imported biodiesel, which has been occurring over the past number of years.

Notwithstanding the abovementioned difficult trading environment, the company recorded a modest profit of $467,203, cash generation of $780,546 and resultant cash at bank balance of $1,736,289 at year end.

The highlights of the year included:

- Favourable resolution to the 2014 Federal Budget's proposed changes to biodiesel excise;
- Legislation that removes the favourable treatment provided to importers of biodiesel;
- A major contract extension for the 2016 and 2017 calendar years with a minimum volume nomination of 40 million litres per annum;
- Renewal of our working capital facility with HSBC;
- Completion of a head office and corporate costs rationalisation program; and
- Recording a profit and cash positive result for the half year and full year financials.

These were achieved whilst the Picton and Largs Bay plants were idle and collectively recorded a loss of $1,883,644 for the year. We are currently pursuing a range of options to return those sites to profitability and anticipate a resolution to that by 31 December 2015.

With the Government Excise policy now resolved, our resources can be clearly focussed on building the business and delivering sustainable revenues and profits over the medium term.

Our focus going forward will be to generate sales across the Barnawartha and Picton plants to take those plants to capacity. We will continue to seed the South Australian market with Barnawartha produced biodiesel for the foreseeable future. Our activity set for the 2016 financial year will be focussed on revenue generation, particularly for Picton and Largs Bay; strong cost control across the business; and continuing to look at options for the development of feedstock supply lines both in and out of Australia.

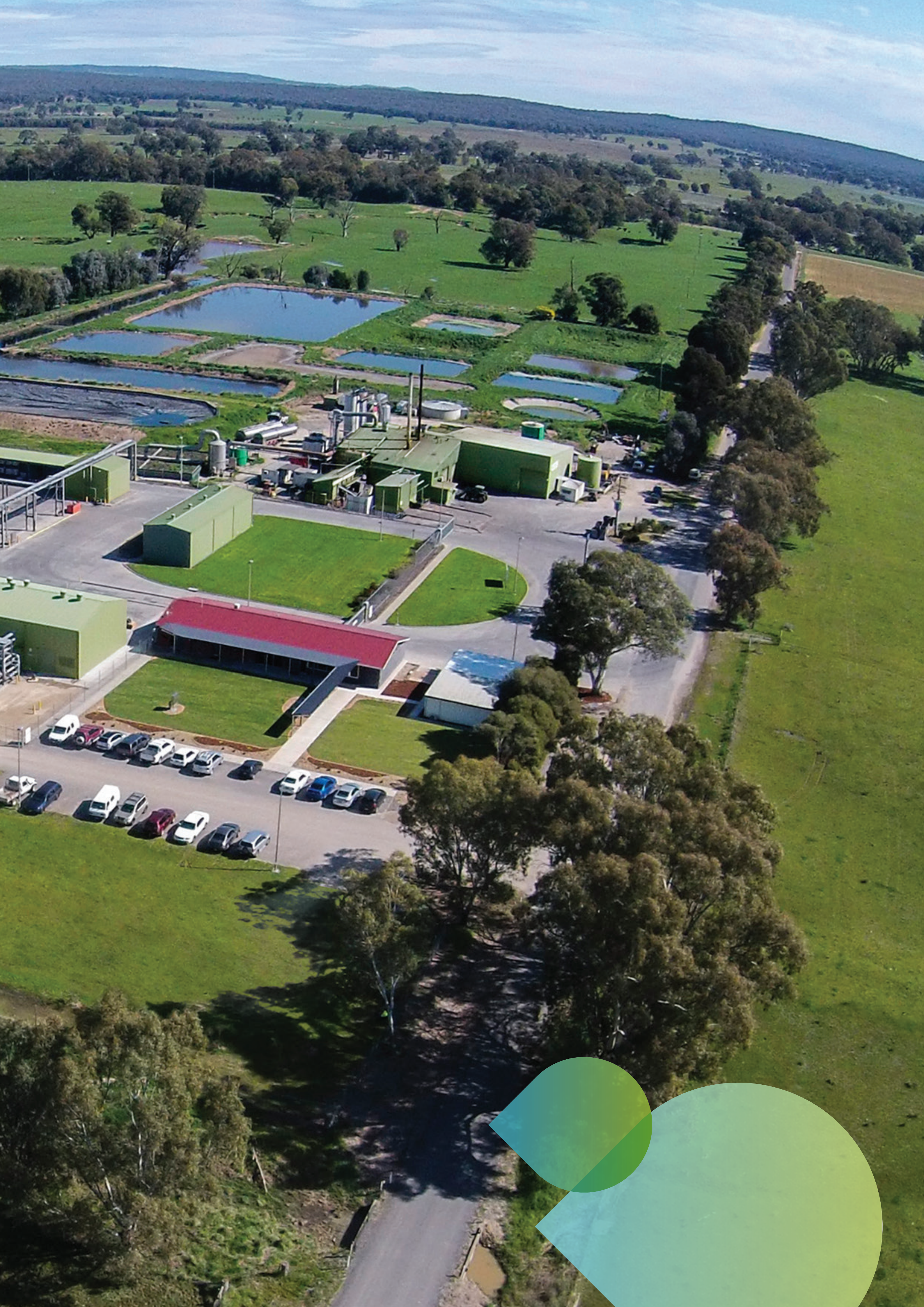
Deborah Page has advised the Board that she will not be standing for re-election at the Annual General Meeting. We take this opportunity to thank Deborah for her service to the Company.

We thank you for your continued support and patience as a shareholder.

Alan Fisher
Chairman

Andrew White
Managing Director | Chief Executive Officer

ARfuels Barnawartha Plant.



Directors' report

The Directors of Australian Renewable Fuels Limited (ARfuels) present their annual financial report of the Company for the year ended 30 June 2015.

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Alan Fisher
Independent Non-Executive Chairman

Alan was appointed to the Board as Non-Executive Chairman on 29 August 2014. Alan has extensive business and corporate experience and in particular has expertise in financial operations restructuring. He is currently the Managing Director of DMC Corporate Pty Ltd (a business which specialises in restoring and enhancing stakeholder value) and Fisher Corporate Advisory Pty Ltd (advising boards, shareholders, financiers and senior executives on company mergers, acquisitions, divestments and business restructurings).

Alan has previously held the position of Chief Executive Officer of Pental Limited, during which time he was instrumental in its successful relisting. He has also previously held the position of Managing Director of HRL Limited, which involved a successful restructuring, and was a Corporate Finance Partner with Coopers & Lybrand.

Alan holds a Bachelor of Commerce from Melbourne University, is a Fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors.

Andrew White
Managing Director

Andrew has been the Managing Director and Chief Executive Officer of ARfuels since 1 July 2011. Prior to that Andrew was a Director and Chief Operating Officer of Infrastructure Capital Group Limited, an investment management business with over $1 billion of equity funds under management and invested in infrastructure across Australia. Andrew led Biodiesel Producers Limited, an unlisted public Company that manufactures biodiesel from tallow and waste cooking oil as the Managing Director/Chief Executive Officer.

Andrew has sat on the Board and Management Committees for various large energy projects including Neerabup Power Station (330mW), Kwinana Power Station (320mW) and the Esperance Energy Project (336km Kambalda to Esperance Gas Pipeline and energy station).

Andrew also worked for 8 years with Arthur Andersen and 9 years in senior executive roles including Finance Director and Strategic Planning Director with Mars Inc. in Australia and New Zealand.

Andrew is a Director and Treasurer of the Biofuels Association of Australia – Australia's peak industry body for the biofuels industry. Andrew holds a Bachelor of Economics from Sydney University and is a Chartered Accountant.

Michael Costello AO
Independent Non-Executive Director

Michael was appointed as Non-Executive Director on 5 May 2011. Before his appointment to ActewAGL in 2008, Michael was Managing Director of ACTEW Corporation, a member of ACTEW Board and a member of the ActewAGL Joint Venture Partnerships Board from 2003. Michael is a member of the Advisory Council of the Australian National University's Crawford School of Economics and Government and is also a Director of Greater Western Sydney Giants Football Club.

Michael was previously Deputy-Managing Director of the Australian Stock Exchange. He was Chief of Staff to the Hon Kim Beazley AC, the former Labor Opposition Leader and to the Hon Bill Hayden AC when he was the Minister for Foreign Affairs. Michael has been the Secretary of the Department of Foreign Affairs and Trade and the Department of Industrial Relations. He has held a number of diplomatic posts including Ambassador to the United Nations.

Michael holds degrees in arts and law. He is a Fellow of the Australian Institute of Company Directors. He received an Order of Australia (AO) in 1996 for international relations.

Deborah Page AM
Independent Non-Executive Director

Deborah has extensive financial experience from a diverse range of Finance and Operational Executive roles, as well as external audit and corporate advisory roles.

Deborah was a partner at Touche Ross/KPMG Peat Marwick until 1992 and subsequently held Senior Executive positions with the Lend Lease Group, Allen Allen and Hemsley and the Commonwealth Bank. Deborah has considerable corporate governance experience and is currently on the Boards of Investa Listed Funds Management Limited (responsible entity of Investa Office Fund), Service Stream Limited, Brickworks Limited and BT Investment Management Limited.

Deborah is Chair of the Board Audit Committee.

Deborah holds a Bachelor of Economics from Sydney University, is a Fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors. Deborah received an Order of Australia in 2006 for services to public health, business and the accounting profession.

Julien Playoust
Independent Non-Executive Director (retired 28 October 2014)

Julien is Managing Director of AEH Group. He has worked across numerous sectors in capital structuring, mergers and acquisitions, strategy, change management, technology and supply-chain programs. His professional career includes Andersen Consulting and Accenture.

Julien is a Non-Executive Director of Tatts Group Limited, Director of private equity company MGB Equity Growth Pty Limited, Trustee of the Art Gallery NSW Foundation, Director of the National Gallery of Australia Foundation and is on the Advisory Board of The Nature Conservancy.

Julien holds an MBA from UNSW, Bachelor of Architecture and Bachelor of Science from Sydney University and a Company Director Course Diploma from the AICD. He is a Fellow of the AICD and a member of the Australian Institute of Management, and the Royal Australian Institute of Architects.

Philip Garling
Independent Non-Executive Chairman (resigned 29 August 2014)

Philip has over 35 years' experience in Infrastructure Construction, Development, Operations and Investment Management, most recently as Global Head of Infrastructure at AMP Capital Investors. He has also been Chief Executive Officer of Tenix Infrastructure and prior to that he was a long-term Senior Executive at Lend Lease Corporation culminating in his role as Chief Executive of Lend Lease Capital Services (the Development Capital, Infrastructure Development and Project Finance arm of Lend Lease).

Philip is a former member of the Federal Government Environment Industry Action Agenda, and a former Councillor of Environment Business Australia. He was the foundation Chair of the ASX listed DUET Group and is currently a Director of Downer EDI, Charter Hall Group Limited, Networks NSW, President of Water Polo Australia and Chair of Tellus Holdings Limited.

Philip has a Bachelor of Building from the University of NSW. He also completed an Advanced Management Program at the Australian Institute of Management and an Advanced Diploma from the Australian Institute of Company Directors and is a Fellow of the Australian Institute of Company Directors, Australian Institute of Building and Institution of Engineers.

Michael Iwaniw
Independent Non-Executive Director (resigned 29 August 2014)

Michael was appointed as Non-Executive Director on 8 November 2013. He has a career spanning 40 years in the Australian grain industry, beginning his career as a chemist with the Australian Barley Board (ABB), and becoming the Managing Director in 1989, retiring from his role some 20 years later. During these years he accumulated extensive experience in all facets of the company's operations, including leading the transition from a statutory authority and growing the business from a small base to an ASX listed company. He played a significant role in orchestrating the merger of ABB Grain, Ausbulk Limited and United Grower Holdings Limited to form one of Australia's largest agribusinesses. His contribution to the Australian Grain industry was acknowledged in 2008 when he was awarded the NAB/Monash Agribusiness Awards for Excellence "Agribusiness Leader of the Year".

Michael has acted as a Non-Executive Director of a number of companies including Toepfer International, New World Grain (Ukraine), Australian Bulk Alliance and Five Star Flour Mill (Egypt). He is a Non-Executive Director of Australian Growers Cooperative. He has also been the Chairman of Select Harvests Limited for the past two years and overseen significant structural and operational changes.

Michael has a Bachelor of Science, a Graduate Diploma in Business Administration and is a member of the Australian Institute of Company Directors.

Directorships of other listed companies

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

Name	Company	Office[(i)]
Alan Fisher	IDT Australia Ltd	Non-Executive Director
Andrew White	nil	
Michael Costello	nil	
Deborah Page	Service Stream Limited	Non-Executive Director
	Investa Listed Funds Management Limited (responsible entity of Investa Office Fund)	Non-Executive Chairman
	BT Investment Management Limited	Non-Executive Director
	Brickworks Limited (appointed 1 July 2014)	Non-Executive Director

(i) Current directorship unless otherwise noted.

Shareholdings

The following table sets out key management personnel's relevant interests in shares and options of the Company as at the date of this report.

Each option when exercised entitles the holder to one ordinary share.

Directors and other key management personnel	Number of fully paid ordinary shares(i)(ii)	Number of Options(ii)
Directors		
Alan Fisher	–	–
Andrew White	125,805	450,000
Michael Costello	115,557	–
Deborah Page	20,000	150,000
Other key management personnel		
Anthony Liston	–	–

(i)Includes all direct, indirect or associated party ownership
(ii)During the year ended 30 June 2014, the Group completed a share consolidation on a 100:1 basis. The consolidation involved the conversion of every hundred fully paid ordinary shares into one fully paid ordinary share.

During and since the end of the financial year there were no share options (2014: nil) granted to officers of the Company as part of their remuneration.

Directors' meetings

The number of Directors' meetings (including meetings of Board Committees) and the number of meetings attended by each of the Directors of the Company held during the financial year are detailed in the following table:

Name	Directors' meetings		Audit & Risk Committee(iii)		Nomination Committee		Remuneration Committee(iii)	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Alan Fisher	8	8	1	1				
Michael Costello	9	8	3	3				
Deborah Page	9	9	3	3				2(i)
Andrew White	9	9	3(i)	3(i)			1	1(i)
Philip Garling (ii)	2	2	2	2			2	2
Julien Playoust (ii)	4	4					2	2
Michael Iwaniw(ii)	2	1					2	2

(i) In attendance ex-officio.
(ii) Resigned/Retired.
(iii) Composition of Committee changed on 28 October 2014.

Company secretary

Mark Licciardo held the position of company secretary of Australian Renewable Fuels Limited at the end of the financial year. He was appointed as Company Secretary on 20 November 2012 and previously held the company secretary position of Transurban Limited an international roads network company. Mark is a Fellow of the Governance Institute of Australia and a graduate member of the Australian Institute of Company Directors.

Anthony Liston was appointed joint Company Secretary on 28 October 2014. Anthony has had an extensive career, gaining financial and managerial experience at many leading Australian and International companies.

Principal activities

The principal activities continued to be the production and sale of Biodiesel.

Overview

ARfuels progress during the year ended 30 June 2015 was in many respects stalled due to the highly damaging Federal Government Policy announcements on biodiesel excise in the May 2014 Federal Budget. Significantly, and after a sustained and heavy lobbying campaign, a favourable resolution was achieved in late June 2015.

The legislation now provides for the phase in of excise payable on biodiesel in equal increments over the next 16 years, from a zero rate in 2015-16 to a final rate of 50% of the full diesel excise rate in 2030-31.

This legislation provides a sustainable and positive platform for the industry and ARfuels to develop and grow over the longer term. The new legislation also imposes excise on imported biodiesel at the full rate, currently $0.392 per litre from 1 July 2015. This should effectively curtail the dumping of double subsidised imported biodiesel, which has been occurring over the past number of years.

Notwithstanding the abovementioned difficult trading environment, the company recorded a modest profit of $467,203, cash generation of $780,546 and resultant cash at bank balance of $1,736,289 at year end.

The highlights of the year included:

- Favourable resolution to the 2014 Federal Budget's proposed changes to biodiesel excise;
- Legislation that removes the favourable treatment provided to importers of biodiesel;
- A major contract extension for the 2016 and 2017 calendar years with a minimum volume nomination of 40 million litres per annum;
- Renewal of our working capital facility with HSBC;
- Completion of a head office and corporate costs rationalisation program; and
- Recording a profit and cash positive result for the half year and full year financials.

These were achieved whilst the Picton and Largs Bay plants were idle and collectively recorded a loss of $1,883,644 for the year. We are currently pursuing a range of options to return those sites to profitability and anticipate a resolution to that by 31 December 2015.

A range of measures were implemented during the year to reduce costs across the business. These included a reduction in the size and remuneration of the Board, closing the Melbourne head office, relocating all administration and management to the Barnawartha site, and a rationalisation of roles within the business. These were completed whilst enabling further capital and running investment in the Barnawartha plant that has improved its operating performance.

The Net Profit after Tax of $467,203 for the 30 June 2015 financial year includes:

- Barnawartha plant trading profit of $7,564,087;
- Picton plant trading loss of $1,291,387;
- Largs Bay plant trading loss of $592,257;
- Corporate and finance costs of $5,213,240.

With the Government Excise policy now resolved, our resources can be clearly focussed on building the business and delivering sustainable revenues and profits over the medium term.

Our focus going forward will be to generate sales across the Barnawartha and Picton plants to take those plants to capacity. We will continue to seed the South Australian market with Barnawartha produced biodiesel for the foreseeable future.

Our activity set for the 2016 financial year will be focussed on revenue generation, particularly for Picton and Largs Bay; strong cost control across the business; and continuing to look at options for the development of feedstock supply lines both in and out of Australia.

Financial performance

The following table provides an overview of the Group's performance for the past two financial years with a reconciliation between Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Net Profit After Tax (NPAT):

	Year ended 30 June 2015	**Year ended 30 June 2014**
	$	**$**
Revenue	51,382,683	71,234,965
EBITDA	3,250,206	1,561,153
Depreciation, amortisation and impairment	(1,183,364)	(5,422,707)
Net finance income/(costs)	(1,599,639)	(1,720,036)
Net profit/(loss) after tax	467,203	(5,581,590)

EBITDA has remained positive for three consecutive financial years – a first in the company's history.

The Barnawartha plant continues to generate profit and work continues to drive more sales from that plant at improved margins. The losses incurred at Picton were material for the financial year and were a result of the decision by the Board to maintain flexibility by having this site on standby. The loss at Largs Bay represents the holding costs of the site along with residual costs of rationalising the site activity.

Total Revenue for FY2015 was materially lower than FY2014. The prior year included export sales of $13.3 million, which were not economically feasible in 2015. A reduction in the domestic sales price from an average of $1.22 in 2014 to $1.04 in 2015 resulted in a revenue decrease of $8.7 million. The selling price of biodiesel fluctuates in line with the barrel price of oil – and 2015 saw a consistent downward trend in the barrel price of oil. This price decrease was offset substantially by reductions in feedstock costs – discussed further below. The number of Biodiesel litres sold in the domestic market increased by 339,208 over the prior year.

Total revenue also included Net Sales of By-Products of $1,753,282, which was $332,217 better than the prior financial year. Sales of glycerine were the major component of the by-product sales.

The average cost of our feedstock decreased during the year. The average range was between $603 per metric tonne and $768 per metric tonne with an overall average cost of $676 per tonne (2014: $882). Historically there is a general correlation between the barrel price of oil and our feedstock's cost prices. Whilst there is no guarantee of that correlation going forward, it continued in 2015. Work continues on gaining access and developing reliable logistics for alternative and cheaper feedstock options from Australia and sources in Asia.

Direct Costs include Plant Labour, Utilities, Repairs, Maintenance and other plant related expenditure. The substantial year on year reduction in direct costs was the result of the decision to mothball the Largs Bay and Picton plants until the Government Policy on excise issue was resolved. The prior year expenditure included the costs of running those plants along with redundancy costs at those plants.

Corporate expenses were reduced by $1,370,214 year on year with substantive reductions in Legal / Consulting costs – $600k; Share option costs reduced by $240k; Board and administrative savings of $250k; and Employee cost savings of $300k. These reductions resulted from the closure of the Largs Bay and Picton plants, the prior year included substantive costs associated with the biodiesel export program, expenses incurred in successfully defending the GBTI legal claim, and other non-recurring items in that year associated with capital structuring and asset valuation advice.

Other revenue includes the conversion of a loan from the Western Australian Government to a grant due to the Picton site achieving agreed milestones. This grant amounted to $200,000 in 2015, with the prior year being $50,000. Other revenue in the prior year also included $1,864,167 as a reduction in Contingent Consideration. This Contingent Consideration was payable to the Note Holders if certain annual levels of production at Barnawartha had been achieved, which did not eventuate.

Finance costs reduced for the year because our interest exposure was minimised. As our bank balance remained in an in-funds position for the majority of the year, our total finance costs were reduced year on year by $120,077.

Capital and financial structure

The capital and finance structure of ARfuels remains stable. During the year the finance facility of $5.5 million was renewed with HSBC and there are currently no short-term financing constraints.

At 30 June 2015 ARfuels had net cash in funds position of $1,736,289 with an unused debt facility of $5,500,000. Net cash inflows for the year were $780,546. The improved cash position of the Group has contributed to an improved current asset ratio. Current Assets to Current Liabilities at 30 June 2015 was 1.68, up from 1.64 at 30 June 2014.

The balance of accumulated losses at 30 June 2014 included paid up issued capital that had been lost or was not represented by available assets. In accordance with Section 258F of the Corporations Act 2001, the Company reduced its paid up issued capital by $116,074,476 with an equal reduction of the accumulated losses balance.

There is no impact on shareholders from the capital reduction as no shares have been cancelled or rights varied. Similarly, creditors are not affected as there has been no change in available assets. There is also no impact on the availability of the Company's tax losses from this capital reduction.

Business strategies and prospects

For the 30 June 2016 financial year, ARfuels will focus on:

- Growing the domestic sales base – particularly at Barnawartha and Picton to take those plants to production capacity;
- Identifying revenue and profit options for the Largs Bay site;
- Maintaining a tight control over costs to provide a cost structure that will maximise profitability within the proposed excise regime; and
- Continuing the development of alternative feedstock supplies out of Asia.

Significant Risks

ARfuels monitors key risks and uncertainties on a regular basis. The following items are deemed material risks by the business:

Plant performance and production

- The production of biodiesel may be curtailed, delayed or cancelled as a result of mechanical difficulties, equipment failures, human error and feedstock delivery problems. All operating plants are subject to regular preventative maintenance programs so that at all times each plant can satisfy prevailing sales demand and mitigate the risk of plant breakdowns.
- All plants are fully insured with appropriate cover in place. Insurance cover includes plant damage, public and products liability and business interruption.

Work health and safety

- All staff members are fully engaged in ARfuels' WHS practices. The health and safety of all visitors is also a high priority. All staff and visitors must undergo appropriate levels of WHS training and induction prior to entering any of our plants.
- The Board and ARfuels management constantly monitor key WHS metrics and WHS performance remains a key focus of the business in general.

Financial management and funding

- ARfuels is exposed to positive and negative movements in commodity prices and in the Australian dollar. This exposure applies to the sales and purchases of the business. Policies and processes are in place to mitigate the risk ARfuels has in regards to commodity pricing and currency exposure in particular. ARfuels has a limited ability to apply hedging strategies to protect margins and cash flows.
- ARfuels has an ongoing economic reliance on the periodic use of trading debt facilities. ARfuels has an appropriate level of bank working capital debt in place and ensures its continuity by trading within all required bank covenants and by maintaining constant dialogue with its banking partner.
- ARfuels has Convertible Notes expiring in November 2016. There is a risk that the Company will be unable to repay these notes, either through the generation of sufficient cash flows and/or alternative funding. The Board and Management are confident that a combination of cash flow from the Barnawartha plant together with alternate funding will be available to meet the Note repayment.

General business activities

- Revenue growth is a key risk facing ARfuels. Management has plans and strategies to mitigate this risk and when executed they should provide ARfuels every chance to protect revenue streams and to also manage sales growth. This remains a key focus of the Board and Management.
- Sustaining revenue levels is also subject to key client risk. The Barnawartha plant in particular is currently reliant on a major supply contract with a major oil company. ARfuels mitigates this risk by ensuring all contractual obligations are met, remaining in constant and meaningful dialogue with the customer. Mitigation strategies and actions also include growing the client base to spread the current allocation of sales risk.
- Changes in regulations or government policy applicable to the Group's operations may result in additional compliance costs, negative changes to existing operations and impact future commercial decisions. Management mitigate this risk by being proactively engaged with the Government, regulators and industry to seek appropriate policy outcomes.
- Access to sufficient and appropriately priced feedstock is a risk monitored by ARfuels. Work continues to expand the network of credible suppliers and gain access to a greater spread of competitively priced feedstock.
- Attracting, retaining and developing key staff to help manage and continue the growth of the income producing assets of ARfuels is a significant risk and key focus for Management and the Board. The Board and Management are satisfied that the current infrastructure in place is sufficient to mitigate this risk and reduce the impact of unplanned turnover.

The Board reviews management's assessment and actions surrounding risk control on an ongoing basis. The Audit and Risk Committee continue to monitor management's performance of assessing and controlling identified risks.

Changes in state of affairs

There have been no significant changes in the state of affairs of the Group at the date of this report other than as already noted.

Subsequent events

There have been no significant subsequent events in the affairs of the Group at the date of this report.

Environmental regulations

The Group's operations are subject to significant environmental regulation under both Commonwealth and State legislation in relation to its manufacture of biodiesel.

The Group is committed to achieving a high standard of environmental performance. The Board and Management are responsible for the regular monitoring of environmental exposures and compliance with environmental regulations.

As part of this process management are responsible for:

- Development and implementation of environmental management systems;
- A risk management approach is applied to identify potential areas of significant environmental impact in order to effectively control environmental risks;
- Continuous process of review and refinement of action plan implementations; and
- Regular monitoring of licence requirements, with performance against licence conditions reported to the various State regulators on a regular basis.

To enable them to meet their responsibilities, Management has established a regular internal reporting process. Environmental performance is reported from each site to the Board on a monthly basis. Compliance with the requirements of environmental regulations and with specific requirements of site environmental licences was substantially achieved across all operations with no instances of non-compliance in relation to licence requirements noted.

Based on the results of enquiries made, the Board is not aware of any significant breaches during the period covered by this report.

Dividends

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

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report:

Issuing entity	Number of shares under option(i)	Class of shares	Exercise price of options(i)	Expiry date of options
Australian Renewable Fuels Limited	150,000	Ordinary	$3.93	30 November 2015
Australian Renewable Fuels Limited	450,000	Ordinary	$2.93	15 December 2018

(i) During the year ended 30 June 2014, the Group completed a share consolidation on a 100:1 basis. The consolidation involved the conversion of every hundred fully paid ordinary shares into one fully paid ordinary share.

There were no shares or interests issued during or since the end of the financial year as a result of the exercise of an option.

Indemnification of officers and auditors

The Company has entered into agreements to indemnify all the Directors and Officers named in this report against all liabilities to persons (other than the Company), which arise out of the Directors and Officers conduct unless the liability relates to conduct involving a lack of good faith or is otherwise prohibited by law. The Company has agreed to indemnify the Directors and Officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

The Company has not during or since the end of the year indemnified or agreed to indemnify an auditor of the Company against a liability incurred as auditor.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 24 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

(i) all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and

(ii) none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, 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 risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is included on page 27 of this report.

Directors' report – Remuneration report (audited)

This remuneration report, which forms part of the Directors' report, sets out information regarding the remuneration of ARfuels' key management personnel for the financial year ended 30 June 2015.

The term 'key management personnel' is used in this remuneration report to refer to those persons having authority and responsibility for planning, directing and controlling the activities of ARfuels. Except as noted, the named key management personnel held their current position for the whole of the financial year and at the date of this report.

The prescribed details for each person covered by this report are detailed below under the following headings:

- Key management personnel details;
- Principles of remuneration;
- Relationship between the remuneration policy and Company performance;
- Remuneration of key management personnel; and
- Key terms of service agreements.

The Directors note that at the 2014 Annual General Meeting held on 28 October 2014 the shareholders voted against the resolution seeking adoption of the remuneration report for the Financial Year ended 30 June 2014. The Directors take shareholder concerns about remuneration seriously and believe that the changes to Board composition and remuneration during the 2015 financial year address the concerns that led to the "first strike" at the 2014 Annual General Meeting.

Key management personnel details

The key management personnel of the Company during or since the end of the financial year were:

Non-Executive Directors

- Alan Fisher (Chairman, Non-Executive Director, appointed 29 August 2014)
- Philip Garling (Chairman, Non-Executive Director, resigned 29 August 2014)
- Michael Costello (Non-Executive Director)
- Michael Iwaniw (Non-Executive Director, resigned 29 August 2014)
- Deborah Page (Non-Executive Director)
- Julien Playoust (Non-Executive Director, retired 28 October 2014)

Executive Officers

- Andrew White (Managing Director, Chief Executive Officer)
- Christopher Attwood (Chief Operating Officer, resigned 1 May 2015)
- Michael Burgess (Chief Financial Officer, resigned 13 October 2014)
- Anthony Liston (Chief Financial Officer, appointed 13 October 2014)

Principles of remuneration

The Board policy for determining the nature and amount of key management personnel remuneration is agreed by the Board of Directors after review, approval and recommendation by the Remuneration Committee. The Managing Director's contract and remuneration is dealt with by the Board.

Compensation levels and structures for key management of the Company are competitively set to attract and retain appropriately qualified and experienced people and to reward the achievement of strategic objectives, and achieve the broader outcome of protecting and enhancing shareholder value. The compensation structures take into account the capability and experience of key management and the ability of key management to control areas of their respective responsibilities.

The Remuneration Committee has access to independent advice and uses market data to assess the appropriateness of compensation packages in the Company given trends in comparative companies, and the objectives of the Company's compensation strategy.

The principles used to determine the nature and amount of remuneration are as follows:

Alignment to shareholder interests:

i. level of achieved net profit is a key criteria;

ii. controllable financial drivers of the businesses including revenues, cash, margin, earnings per share, and capital management improvement are important criteria;

iii. business and operational drivers of the business including sales, production capacity, OH&S; and

iv. remuneration is set at a level to attract and retain high calibre executives.

Alignment to the key management interests:

i. rewards capability and experience;

ii. provides a clear structure for earning rewards; and

iii. provides recognition for contribution.

The framework provides a mix of fixed pay and variable at risk incentives, and a blend of short and long-term incentives. In relation to long-term incentives, as executives contribution and term with ARfuels increase they can be rewarded by gaining exposure to growth in the value of the Company through access to the Employee Share Option Plan.

Remuneration Responsibilities

During the year the Remuneration Committee was dissolved, and its functions are now undertaken by the Board, with the Managing Director not participating in matters concerning his own performance and remuneration. The Board determines remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-Executive Directors. The Board assesses the appropriateness of the nature and amount of remuneration of Directors and Senior Executives on a periodic basis by reference to relevant employment market conditions with an overall objective of the retention of a high quality Board and Executive team.

Non-Executive Director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the appropriate calibre.

The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a General Meeting. As previously approved by shareholders, the approved maximum aggregate annual remuneration of Non-Executive Directors is currently $400,000.

The amount of aggregate remuneration and the manner in which it is apportioned amongst Directors is reviewed annually. The Board can access independent advice and industry benchmarks on fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. During the year no independent advice was obtained, however reference was made to public information.

Each Non-Executive Director receives a fee for being a Director of the Company. In the 2014 financial year the Chairman received a fee of $110,000, and all other Non-Executive Directors received a fee of $60,000. The Chair of the Audit and Risk Committee received an additional $15,000 whilst the Chair of the Remuneration Committee received an extra $10,000. All fees are inclusive of superannuation. There were no additional fees for being a member of any committee.

In light of the Company's current operating environment, the Board completed a review of the requirements of the Board, in particular the number of Directors and remuneration thereof. That review concluded that the Board should consist of three Non-Executive Directors and the Managing Director. Director fees effective 1 August 2014, are: Chairman to receive $80,000 per annum, Non-Executive Directors to receive $50,000 per annum, Chair of the Audit and Risk Committee to receive an additional $10,000 per annum. All fees are inclusive of superannuation. There are no additional fees for being a member of any committee.

There were no options issued to or exercised by the Non-Executive Directors during the financial year. Option issues are detailed later in this report. Any future issue of new options will be subject to shareholder approval.

Executive pay

The Executive pay and reward framework has three components: base pay and benefits, including superannuation (which comprise the fixed remuneration); short-term at risk variable performance incentives; and long-term incentives through participation in the Company's Employee Share Option Plan. The combination of these comprises an Executive's total remuneration cost.

Executive remuneration is set to reflect the market for a comparable role and is reviewed annually to ensure the Executive's pay is competitive with the market. An Executive's package is also reviewed on promotion.

Fixed remuneration

Fixed remuneration is reviewed annually by the Board. The process includes review of relevant comparative remuneration in the market and internally, consideration of the CEO's recommendations and where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

Variable remuneration

The Company's variable remuneration comprises short-term and long-term incentives. The objective of the short-term incentive program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with the responsibility of meeting those targets.

The short-term incentives, comprised of annual cash bonuses, are paid if certain Key Performance Indicators (KPI's) are attained in the relevant period as approved by the Board. Long-term incentives comprise equity instruments where the incentive involves the time-based vesting of options over 1 – 3 years on the basis that the employee continues to be employed by the Company and is eligible under the Company's Employee Share Option Plan. Actual payments granted to each senior manager depend on the extent to which specific operating targets or KPI's set at the beginning of the financial year are met and can also be awarded at the discretion of the Board. The aggregate of annual payments available for executives across the Company is subject to the approval of the Board. Payments made are delivered as a cash bonus in the following reporting period or in the case of an equity component, it is pursuant to the employment contract terms and as approved by shareholders.

The issue of options is not linked to performance conditions because by setting the option price at a level above the current share price at the time the options are granted, it provides the incentive for management to improve the Company's performance.

Performance criteria

Performance criteria are linked to the incentive program through the setting of key performance indicators relevant to each management position. The performance criteria are set by the Board and may include, but are not limited to:

i. Financial and operational targets linked to achievement of the Company's annual profit budgets and the level of achieved net profit after tax (NPAT) as determined by the Board from time to time including sales, production capacity, OH&S and controllable financial drivers including revenues, cash, margin, earnings per share, and capital management improvement are important criteria;

ii. Strategic initiatives that provide for specific opportunities to be presented to the Board by management from time to time such as mergers and acquisitions that are value-accretive, and the successful implementation of those initiatives;

iii. Corporate development matters including employment, retention and remuneration of core personnel, leadership and succession, cultural development and communication activities; and

iv. Risk management, including management and monitoring of material business risks. This includes maintaining a sound framework and controls in regards to WHS and environmental issues.

Relationship between the remuneration policy and Company performance

The achievement of Company strategic and financial objectives is the key focus of the efforts of the Company. As indicated above, over the course of each financial year, the Board reviews the Company's Executive remuneration policy to ensure the remuneration framework remains focused on driving and rewarding Executive performance, while being closely aligned to the achievement of Company strategic objectives and the creation of shareholder value.

Total shareholder return is normally measured by the movement in share price from the start to the end of each financial year and dividends paid. No dividends have been declared in the past five financial years or for the current financial year. As the Company remains in the growth phase of its life cycle, shareholder returns do not correlate with profits and/or losses reported in any of the recent financial years. Shareholder returns are more dependent on the future expectation of Company performance rather than Company earnings.

The table below sets out summary information regarding the Group earnings and movement in shareholder wealth for the five years to 30 June 2015.

	30 June 15	30 June 14	30 June 13	30 June 12	30 June 11
Revenue	51,382,683	71,234,965	58,592,368	39,173,694	6,426,355
Net profit/(loss) before tax	467,203	(5,581,590)	2,246,621	(7,235,793)	(8,128,336)
Net profit/(loss) after tax	467,203	(5,581,590)	2,246,621	(7,235,793)	(8,128,336)
Share price at start of year (dollars)(i)	0.20	0.80	1.10	2.20	1.10
Share price at end of year (dollars)(i)	0.35	0.20	0.80	1.10	2.20
Dividends paid (dollars)(i)	–	–	–	–	–
Gain/(loss) per share from continuing operations (dollars)					
Basic(i)	0.01	(0.13)	0.08	(0.34)	(0.71)
Diluted(i)	0.01	(0.13)	0.08	(0.34)	(0.71)

(i) During the year ended 30 June 2014, the Group completed a share consolidation on a 100:1 basis. The consolidation involved the conversion of every hundred fully paid ordinary shares into one fully paid ordinary share.

Remuneration of key management personnel

		Short-term benefits				Post Employment	Equity (long-term)		
		Salary and Fees	Short-term incentives	Allowances	Termination Payments	Superannuation	Options expensed in year(i)	Options as proportion of total remuneration	Total
Executive director		$	$	$	$	$	$	%	$
Andrew White	2015	367,000	367,000	29,430	–	30,000	197	0.0	**793,627**
Andrew White	2014	380,000	76,000	12,000	–	35,150	71,762	12.5	**574,912**
Non-executive directors									
Alan Fisher	2015	61,483	–	–	–	5,841	–	–	**67,324**
Philip Garling(iii)	2015	14,459	–	–	–	1,374	(17,740)	930.3	**(1,907)**
Philip Garling	2014	103,015	–	–	–	6,985	26,942	19.7	**136,942**
Michael Costello	2015	46,423	–	–	–	4,410	4,576	8.3	**55,409**
Michael Costello	2014	54,920	–	–	–	5,080	26,942	31.0	**86,942**
Michael Iwaniw(iv)	2015	9,167				–	–	–	**9,167**
Michael Iwaniw	2014	38,666	–	–	–	–	–	–	**38,666**
Deborah Page	2015	55,936	–	–	–	5,314	15,910	20.6	**77,160**
Deborah Page	2014	68,650	–	–	–	6,350	15,910	17.5	**90,910**
Julien Playoust(ii)(v)	2015	18,000	–	–	–	–	3,051	14.5	**21,051**
Julien Playoust	2014	70,000	–	–	–	–	17,988	20.4	**87,988**
Other key management personnel									
Christopher Attwood(viii)	2015	218,064	–	–	–	16,339	132	0.1	**234,535**
Christopher Attwood	2014	235,000	15,000	–	–	17,775	48,317	15.3	**316,092**
Michael Burgess(vi)	2015	130,775	–	–	95,970	7,826	100	0.0	**234,671**
Michael Burgess	2014	230,000	–	–	–	17,775	36,237	12.8	**284,012**
Anthony Liston(vii)	2015	114,995	21,000	–	–	10,925	–	–	**146,920**
	2015	**1,036,302**	**388,000**	**29,430**	**95,970**	**82,029**	**6,226**		**1,637,957**
	2014	**1,180,251**	**91,000**	**12,000**	**–**	**89,115**	**244,098**		**1,616,464**

(i) There were no options issued to key management personnel during the 2015 financial year (2014: nil).
(ii) Paid via a company.
(iii) Philip Garling resigned 29th August 2014
(iv) Michael Iwaniw resigned 29th August 2014
(v) Julien Playoust retired 28th October 2014
(vi) Michael Burgess resigned 13th October 2014
(vii) Anthony Liston appointed 13th October 2014
(viii) Chris Attwood resigned 1st May 2015

Equity instruments – options (note 16)

During the financial year there were no options issued to key management personnel.

Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options granted as compensation to key management personnel) have been altered or modified by the issuing entity during the reporting period or prior period.

Analysis of options over equity instruments granted as compensation

Details of vesting profiles of the options granted as remuneration to key management personnel of the Company are summarised in the table below.

	During the financial year				
Name	**Number granted**	**Number vested**	**Expensed in year $**	**Value of options granted at grant date[(i)] $**	**Number of options forfeited in year[(ii)] Number**
Directors					
Alan Fisher	–	–	–	–	–
Philip Garling	–	–	(17,740)	66,949	50,000
Andrew White	–	150,000	197	182,649	–
Michael Costello	–	50,000	4,576	66,949	–
Michael Iwaniw	–	–	–	–	–
Deborah Page	–	50,000	15,910	40,668	–
Julien Playoust	–	33,334	3,051	118,175	–
Other key management personnel					
Christopher Attwood	–	66,000	132	112,783	–
Michael Burgess	–	50,000	100	84,587	–

(i) The value of options granted is recognised in compensation on a straight line basis over the vesting period of the grant, in accordance with Australian accounting standards. The fair value of the options at grant date was determined through the use of a Black-Scholes pricing model.
(ii) Number of options forfeited during the period due to resignation before the vesting date.

In general, upon vesting, the holder will be entitled to exercise their options and acquire one fully paid ordinary share in the Company for each option. $3.93 is payable upon exercise of each option by Non-Executive Directors and $2.93 is payable upon exercise of each option by other key management personnel. During the year no key management personnel exercised any options that were granted to them as part of their compensation. A total of 800,000 share options expired or were forfeited during the year in accordance with the respective employee service agreements and share option plans.

The details of all share-based payment arrangements in existence for key management personnel during the current and comparative reporting periods are summarised below:

Option series grant date	Number of options	Expiry date	Exercise price	Fair value at grant date
November 2009	50,000	September 2014	$1.93	$1.00
December 2011	450,000	December 2018	$2.93	$1.00
March 2012	350,000	February 2015	$2.93	$1.00
March 2012	400,000	March 2015	$3.93	$1.00
December 2012	150,000	November 2015	$3.93	$1.00

Key management personnel equity holdings

The fully paid ordinary shares of Australian Renewable Fuels Limited, held by key management personnel, are detailed below.

2015	Balance at 1 July 2014	Share consolidation	Other	Acquired/ (disposed) through open trading	Balance at 30 June 2015
Name[(i)]	Number	Number	Number	Number	Number
Directors					
Alan Fisher	–	–	–	–	–
Philip Garling	54,458	–	(54,458)	–	–
Andrew White	125,805	–	–	–	125,805
Michael Costello	115,557	–	–	–	115,557
Michael Iwaniw	55,000	–	(55,000)	–	–
Deborah Page	20,000	–	–	–	20,000
Julien Playoust	715,000	–	(715,000)	–	–
Other key management personnel					
Christopher Attwood	–	–	–	–	–
Michael Burgess	7,300	–	(7,300)	–	–

(i) Includes all direct, indirect or associated party ownership

2014	Balance at 1 July 2013	Share consolidation	Acquired through entitlement offer	Acquired/ (disposed) through open trading	Balance at 30 June 2014
Name[(i)]	Number	Number[(ii)]	Number[(iii)]	Number	Number
Directors					
Philip Garling	5,445,792	(5,391,334)	–	–	54,458
Andrew White	12,580,471	(12,454,666)	–	–	125,805
Michael Costello	4,255,625	(4,213,068)	–	73,000	115,557
Michael Iwaniw	–	–	–	55,000	55,000
Deborah Page	2,000,000	(1,980,000)	–	–	20,000
Julien Playoust	341,500,000	(338,085,500)	(2,700,000)	–	715,000
Other key management personnel					
Christopher Attwood	–	–	–	–	–
Michael Burgess	–	–	–	7,300	7,300

(i) Includes all direct, indirect or associated party ownership.
(ii) During the year ended 30 June 2014, the Group completed a share consolidation on a 100:1 basis. The consolidation involved the conversion of every hundred fully paid ordinary shares into one fully paid ordinary share.
(iii) This holding is no longer deemed to be an associated party ownership. There has been no change in Julien Playoust's other direct or indirect share holdings during the year.

The options in Australian Renewable Fuels Limited, held by key management personnel, are detailed below:

2015	Balance at 1 July 2014	Share consolidation	Cancelled/ Lapsed during the year	Balance at 30 June 2015	Balance vested at 30 June 2015	Vested and exercisable
Name	**Number**	**Number(i)**	**Number**	**Number**	**Number**	**Number**
Directors						
Alan Fisher	–	–	–	–	–	–
Philip Garling	150,000	–	(150,000)	–	–	–
Andrew White	450,000	–	–	450,000	450,000	450,000
Michael Costello	150,000	–	(150,000)	–	–	–
Michael Iwaniw	–	–	–	–	–	–
Deborah Page	150,000	–	–	150,000	100,000	100,000
Julien Playoust	150,000	–	(150,000)	–	–	–
Other key management personnel						
Christopher Attwood	200,000	–	(200,000)	–	–	–
Michael Burgess	150,000	–	(150,000)	–	–	–

(i) During the ended 30 June 2014, the Group completed a share consolidation on a 100:1 basis. The consolidation involved the conversion of every hundred fully paid ordinary shares into one fully paid ordinary share.

2014	Balance at 1 July 2013	Share consolidation	Cancelled/ Lapsed during the year	Balance at 30 June 2014	Balance vested at 30 June 2014	Vested and exercisable
Name	**Number**	**Number(i)**	**Number**	**Number**	**Number**	**Number**
Directors						
Philip Garling	15,000,000	(14,850,000)	–	150,000	100,000	100,000
Andrew White	45,000,000	(44,550,000)	–	450,000	300,000	300,000
Michael Costello	15,000,000	(14,850,000)	–	150,000	100,000	100,000
Deborah Page	15,000,000	(14,850,000)	–	150,000	50,000	50,000
Julien Playoust	15,000,000	(14,850,000)	–	150,000	116,666	116,666
Other key management personnel						
Christopher Attwood	20,000,000	(19,800,000)	–	200,000	134,000	134,000
Michael Burgess	15,000,000	(14,850,000)	–	150,000	100,000	100,000

(i) During the ended 30 June 2014, the Group completed a share consolidation on a 100:1 basis. The consolidation involved the conversion of every hundred fully paid ordinary shares into one fully paid ordinary share.

The following table summarises the number of options that lapsed during the financial year, in relation to options granted to key management personnel as part of their remuneration:

Option series grant date	Number of options
November 2009	50,000
March 2012	350,000
March 2012	400,000

Key terms of service agreements

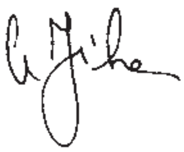
The remuneration and other terms of employment for the Managing Director and key management are formalised in service agreements. Each of these agreements makes provision for a fixed remuneration component, employment entitlements such as superannuation and at-risk variable performance incentives. The material terms of the service agreements are set out below.

Term	Position	Conditions
Duration of contract	Managing Director & Key management	No fixed term
Voluntary termination by Executive	Managing Director Key management	6 months' notice 3 months' notice
Termination by Company without cause	Managing Director Key management	12 months' notice 6 months' notice
Termination by Company for cause	Managing Director & Key management	Employment may be terminated immediately without notice if the Executive commits any act or omission justifying summary dismissal at common law

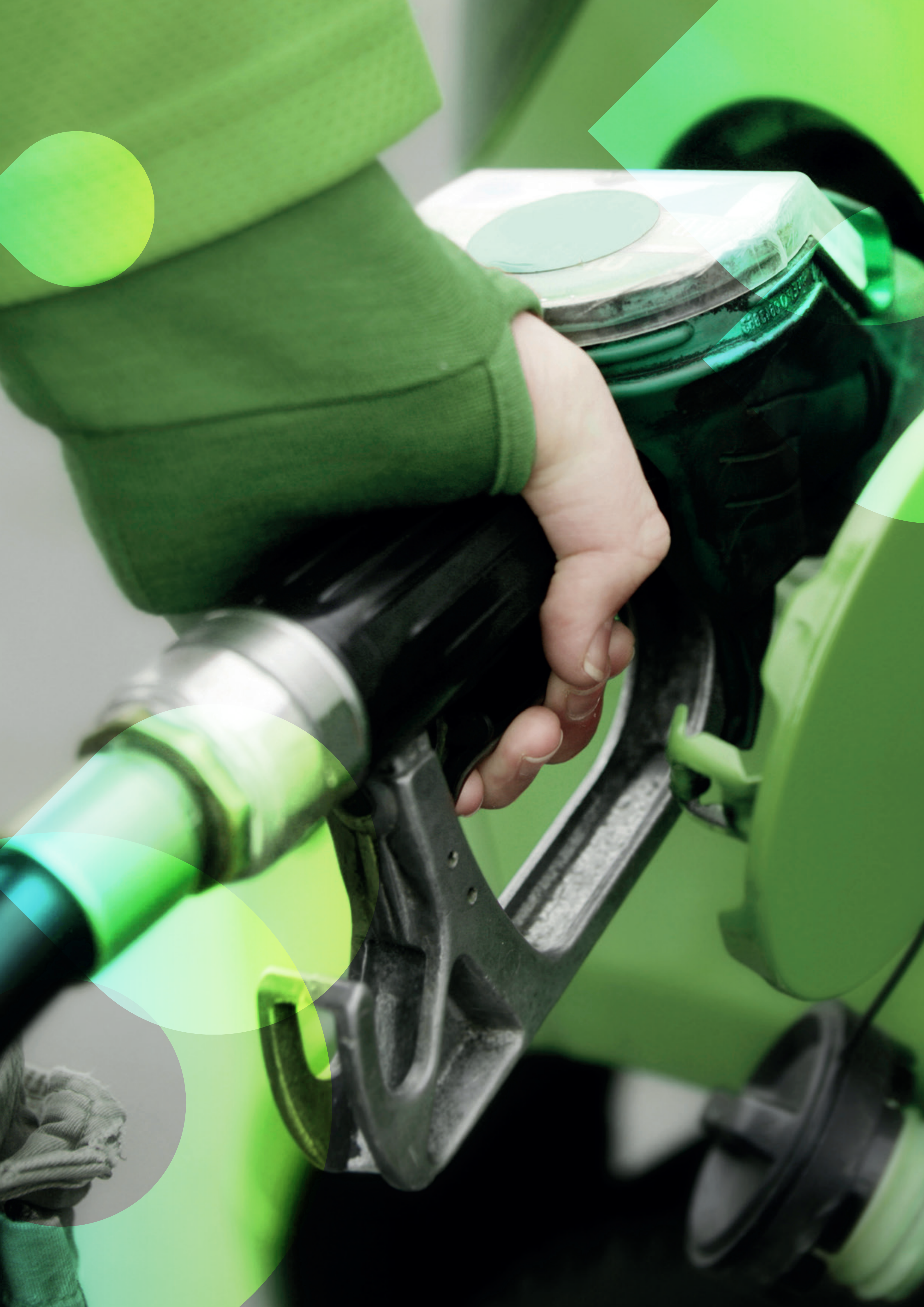
During the previous financial year the Company renewed its employment arrangements with the Managing Director, Andrew White. The new contract does not differ materially to the terms announced to the market on 20 December 2011 and in prior Annual Reports with the exception that the contract has no fixed term.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors,



Alan Fisher
Chairman
Barnawartha, 28 August 2015



Corporate governance statement

The Board of Directors of Australian Renewable Fuels Limited (`ARfuels' or `the Company') is responsible for corporate governance. The Board has prepared the Corporate Governance Statement ("CGS") in accordance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on a Company's website instead of the Annual Financial Report.

Accordingly, a copy of the Company's CGS is available on the ARfuels website at www.arfuels.com.au under the Investor Relations/Corporate Governance section.

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The Board of Directors
Australian Renewable Fuels Limited
158 Plemings Road
BARNAWARTHA VIC 3688

28 August 2015

Dear Board Members

Australian Renewable Fuels Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Australian Renewable Fuels Limited.

As lead audit partner for the audit of the financial statements of Australian Renewable Fuels Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely,

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ryan Hansen
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2015

	Note	2015 $	2014 $
Revenue from operations	3	51,382,683	71,234,965
Cost of goods sold		(36,935,644)	(57,176,215)
Gross profit		14,447,039	14,058,750
Direct costs		(7,832,330)	(9,610,145)
Corporate and administration expenses		(1,289,894)	(1,954,947)
Staff costs		(2,382,000)	(3,067,448)
Other revenue	3	307,391	2,134,943
Finance income	3	1,026	706
Depreciation and amortisation expenses	4	(1,183,364)	(1,772,707)
Finance costs	5	(1,600,665)	(1,720,742)
Impairment of assets	10	–	(3,650,000)
Profit/(loss) before tax		467,203	(5,581,590)
Income tax expense	6	–	–
Profit/(loss) for the year		**467,203**	**(5,581,590)**
Other comprehensive income, net of income tax		–	–
Other comprehensive income for the year net of income tax		–	–
Total comprehensive income for the year		**467,203**	**(5,581,590)**
Profit/(loss) for the year attributable to:			
Owners of the parent		467,494	(5,531,949)
Non-controlling interests		(291)	(49,641)
		467,203	(5,581,590)
Total comprehensive income attributable to:			
Owners of the parent		467,494	(5,531,949)
Non-controlling interests		(291)	(49,641)
		467,203	(5,581,590)
Earnings per share			
From continuing operations:			
Basic (dollars per share)	25	0.01	(0.13)
Diluted (dollars per share)	25	0.01	(0.13)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position at 30 June 2015

	Note	2015 $	2014 $
Current assets			
Cash and cash equivalents		1,736,289	953,013
Trade and other receivables	7	2,649,140	2,488,451
Inventories	8	5,800,827	6,207,170
Other	9	1,033,237	1,094,687
Total current assets		**11,219,493**	**10,743,321**
Non-current assets			
Property, plant and equipment	10	28,744,636	28,764,216
Other	11	553,156	595,070
Total non-current assets		**29,297,792**	**29,359,286**
Total assets		**40,517,285**	**40,102,607**
Current liabilities			
Bank working capital facilities	15	–	–
Trade and other payables	12	6,215,135	6,247,334
Provisions	13	467,992	288,575
Total current liabilities		**6,683,127**	**6,535,909**
Non-current liabilities			
Provisions	13	48,073	254,141
Convertible notes	14	13,916,257	13,916,257
Total non-current liabilities		**13,964,330**	**14,170,398**
Total liabilities		**20,647,457**	**20,706,307**
Net assets		**19,869,828**	**19,396,300**
Equity			
Issued capital	16	19,869,826	135,944,302
Reserves		223,276	2,440,211
Retained Profits/ (Accumulated losses)		84,504	(118,680,726)
Equity attributable to owners of the company		20,177,606	19,703,787
Non-controlling interests		(307,778)	(307,487)
Total equity		**19,869,828**	**19,396,300**

The 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 2015

	Issued capital and contributed equity $	Employee share option reserve(i) $	Other reserve(ii) $	Accumulated profits/(losses) $	Attributable to owners of the parent $	Non-controlling interests $	Total $
Balance at 1 July 2013	**135,944,302**	**1,045,512**	**1,105,706**	**(113,148,777)**	**24,946,743**	**(257,846)**	**24,688,897**
Profit/(loss) for the period	–	–	–	(5,531,949)	(5,531,949)	(49,641)	(5,581,590)
Total comprehensive income for the period	–	–	–	(5,531,949)	(5,531,949)	(49,641)	(5,581,590)
Shares issued during the period	–	–	–	–	–	–	–
Recognition of share-based payments	–	288,993	–	–	288,993	–	288,993
Reallocation of general options reserve	–	–	–	–	–	–	–
Balance at 30 June 2014	**135,944,302**	**1,334,505**	**1,105,706**	**(118,680,726)**	**19,703,787**	**(307,487)**	**19,396,300**
Balance at 1 July 2014	**135,944,302**	**1,334,505**	**1,105,706**	**(118,680,726)**	**19,703,787**	**(307,487)**	**19,396,300**
Profit/(loss) for the period	**–**	**–**	**–**	**467,494**	**467,494**	**(291)**	**467,203**
Total comprehensive income for the period	–	–	–	467,494	467,494	(291)	467,203
Options expired transferred to accumulated losses	–	(1,117,554)	(1,105,706)	2,223,260	–	–	–
Recognition of share-based payments	–	6,325	–	–	–	–	6,325
S258F capital reduction (iii)	(116,074,476)	–	–	116,074,476	–	–	–
Balance at 30 June 2015	**19,869,826**	**223,276**	**–**	**84,504**	**20,177,606**	**(307,778)**	**19,869,828**

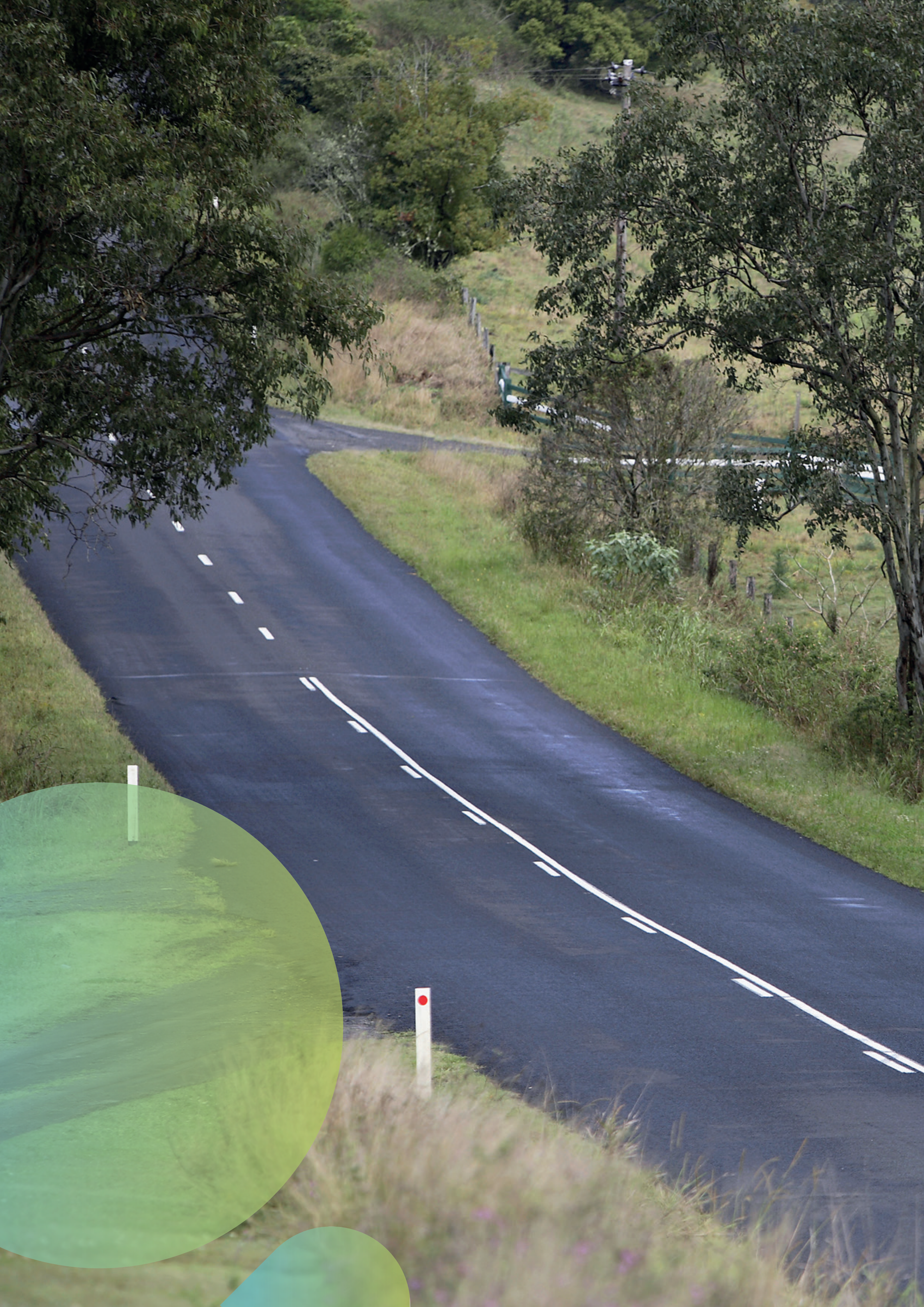
(i) The employee share options reserve arises on the grant of options to directors and employees under the share plan. Amounts are recognised in accordance with note 1(n). Further information about share based payment to employees is made in note 26 to the financial statements.
(ii) During the 2013 financial year the Group transferred the balance of the general options reserve to the other reserve. The allocation from the general options reserve represents options which were not exercised, and subsequently expired.
(iii) The Company reduced its accumulated losses and contributed equity by an equal amount via a S258F Corporations Act 2001 reduction. Refer note 16.

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

Consolidated statement of cash flows for the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts from customers		56,281,185	82,472,239
Payments to suppliers and employees		(52,863,899)	(76,877,235)
Interest received		1,026	706
Interest paid		(1,600,665)	(1,708,194)
Net cash provided by/(used in) operating activities	20	1,817,647	3,887,516
Cash flows from investing activities			
Payments for plant and equipment		(1,037,101)	(670,567)
Contingent consideration on acquisition		–	(135,833)
Net cash provided by/(used in) investing activities		(1,037,101)	(806,400)
Cash flows from financing activities			
Proceeds from issue of shares		–	–
Payments for share issue costs		–	–
Net cash provided by financing activities		–	–
Net increase/(decrease) in cash and cash equivalents		780,546	3,081,116
Cash and cash equivalents at the beginning of the period		953,013	(2,154,156)
Effect of movement in exchange rates on cash balances		2,730	26,053
Cash and cash equivalents at the end of the period		**1,736,289**	**953,013**

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

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Notes to the consolidated financial statements

1. Significant accounting policies

General information

Australian Renewable Fuels Limited is a listed public company incorporated in Australia. The addresses of its registered office and principal place of business are disclosed on Page 72 of this annual report. The principal activities of the Company and its subsidiaries are described in the Directors' report.

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the financial statements, the Company is a for-profit entity.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 28 August 2015.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The principal accounting policies are set out below.

Going concern

For the financial year ended 30 June 2015, the consolidated entity (Group) produced a Net Profit After Tax of $467,203. The Group was able to improve its cash position and its exposure to debt by achieving the following during the financial year:

- Barnawartha continues to generate material levels of profit;
- Management implementation of cost reduction programs that resulted in the relocation of the Corporate Head Office to the Barnawartha plant;
- Produced positive net operating cash inflows of $1,817,647;
- At 30 June 2015 our Net Cash position was $1,736,289 in funds, and currently remains at a similar net cash position. The in-funds balance means our Debt facility of $5,500,000 is currently not utilised and there is no breach of bank covenants; and
- At 30 June 2015 Current Assets exceeded Current Liabilities by $4,536,366.

For the 2016 Financial Year management has planned projects for the Largs Bay and Picton facilities that should return them to positive cash generation during the period.

The Group's Convertible Notes are due to mature in November 2016. The Group is actively considering the options available to refinance these notes in the event they are not converted. The Group expects that a portion of the required repayment will be financed out of future cash flows from the operations at Barnawartha and any cash flows that may arise from other plants. The remainder of the repayments will be funded through additional sources of funding currently being sought in the market.

The Directors expect that adequate funding will be raised before the notes' maturity date.

At the date of this report and having considered the above factors, the Directors believe that the Group will be able to continue as a going concern.

Critical accounting estimates and judgements

The key critical accounting estimates and judgments are:

Valuation of financial instruments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 21 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

Convertible notes

At each reporting date, the Group reviews the valuation or fair value of the debt and embedded derivative components of the convertible note. The valuation at reporting date of the embedded derivative component is compared to the valuation at inception date. Any negative or positive movement against the valuation at inception date is noted as an unrealised gain or unrealised loss on valuation at reporting date and is recognised in profit or loss. The fair value assessment includes the Group's estimation of the probability of the notes being converted to equity and of the repayment of the notes on or before maturity.

Impairment of tangible assets

In accordance with the Group's policy, the Group has performed an assessment of impairment indicators. These are explained in Note 10.1.

Useful lives of tangible assets

The Group reviews the useful lives, depreciation method and estimated residual value of all tangible assets at the end of the reporting period.

Share-based payments

The Group measures the cost of equity settled share-based payments at fair value at the grant date using an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted and expected vesting period.

New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

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

- AASB 2012-3 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
- AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039
- AASB CF 2013-1 Amendments to the Australian Conceptual Framework and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part A Conceptual Framework)

The adoption of the above Accounting Standards and Interpretations has not had any material impact on the amounts reported in this financial report but may affect the accounting for future transactions or arrangements. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Refer below.

Standards and interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The impact of the below Standards and Interpretations has not yet been determined.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	30 June 2019
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(b) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready 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 profit or loss in the period in which they are incurred.

(c) Cash and cash equivalents

Cash comprises cash on hand, cash at call, short-term deposits and cash in secured fixed term deposits held as security for the provision of bank guarantees. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- Future increases in wages and salaries;
- Future on cost rates; and
- Experience of employee departures and period of service.

Management judgement is applied in determining the following key assumptions used in the calculation of annual leave at balance date:

- Future increases in wages and salaries;
- Future on cost rates;
- Experience of employee departures; and
- Experience of employee annual leave taken in relevant period.

(e) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Company financial statements.

Other financial assets are classified in the following categories: financial assets ‘at fair value through profit or loss’, ‘held-to-maturity investments’, ‘available-for-sale’ financial assets, and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

At fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial Instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's investment strategy. Upon initial recognition, the attributable transaction costs are recognised in profit or loss when incurred. Financial instruments that are at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Available-for-sale financial assets

Listed investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses are recognised as a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest rate method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

(f) Foreign currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars ('$'), which is the functional currency of Australian Renewable Fuels Limited, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(g) Impairment of tangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Further detailed accounting policy is listed at Note 10.

(h) Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Detailed accounting policy is listed at Note 6.

(i) Inventories

Inventories of consumable supplies and spare parts are valued at lower of cost and net realisable value. Finished goods include an appropriate portion of fixed and variable overhead expenses and are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(j) Buildings and property, plant and equipment

Buildings and property, plant and equipment

Buildings and property, plant and equipment are stated in the consolidated statement of financial position at their cost less any subsequent accumulated depreciation and subsequent accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Freehold land is not depreciated.

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The depreciation rates used for each class of depreciable assets are:

Freehold land & buildings are not depreciated.

Other plant, equipment & motor vehicles:

Vehicles	8 years
Furniture, fittings and office equipment	8 – 20 years
Computer hardware and manufacturing equipment	4 years
Computer software	2.5 years
Manufacturing plant	5 – 30 years
Laboratory equipment	5 – 15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(k) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(l) Revenue

Revenue is measured at the fair value of the consideration received or receivable, and is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time the Group has transferred to the buyer the significant risks and rewards of ownership of the goods.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount at initial recognition.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government assistance which does not have conditions attached specifically relating to the operating activities of the entity is recognised in accordance with the accounting policies above.

(m) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except:

i. where the amount of GST incurred is not recoverable from the Australian Taxation Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables.

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

(n) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

(o) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(p) Lease payments

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

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(q) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account when pricing the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2. Segment information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of performance is focused on three key reportable segments. Specifically, the Group's reportable segments under AASB 8 are as follows:

i. Western Australia – Biodiesel Plant located at Picton

ii. South Australia – Biodiesel Plant located at Largs Bay

iii. Victoria – Biodiesel Plant located at Barnawartha

The accounting policies of the reportable segments are the same as the Group's accounting policies.

The Barnawartha plant in particular is currently reliant on a major supply contract with a major oil company.

(i) Revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment

	Segment revenue		Segment result	
	2015 $	**2014 $**	**2015 $**	**2014 $**
Western Australia	122,230	3,408,441	(1,291,387)	(3,783,910)
South Australia	1,095,509	5,760,618	(592,257)	(5,217,282)
Victoria	50,164,944	62,065,906	7,564,087	8,124,919
Total of all segments	**51,382,683**	**71,234,965**	**5,680,443**	**(876,273)**
Corporate			(3,613,601)	(2,985,281)
Interest revenue			1,026	706
Finance costs			(1,600,665)	(1,720,742)
Profit/(loss) before tax			**467,203**	**(5,581,590)**

The revenue reported above represents the revenue generated from external customers. Segment result represents the profit or loss incurred by each segment, including any impairment charges, without the allocation of corporate costs, interest revenue, finance costs, income tax expense and inter-segment transactions. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(ii) Segment assets and liabilities

	Segment assets		Segment liabilities	
	2015 $	2014 $	2015 $	2014 $
Western Australia	3,984,704	4,317,104	146,048	244,927
South Australia	2,280,831	2,351,923	214,831	253,365
Victoria	33,444,252	32,243,083	4,783,867	4,415,218
Segment total	**39,709,787**	**38,912,110**	**5,144,746**	**4,913,510**
Unallocated	807,498	1,190,497	15,502,711	15,792,797
Consolidated total	**40,517,285**	**40,102,607**	**20,647,457**	**20,706,307**

(iii) Other segment information

	Depreciation & amortisation		Additions to non-current assets	
	2015 $	2014 $	2015 $	2014 $
Western Australia	44,493	368,812	12,905	91,706
South Australia	3,179	220,513	–	695,401
Victoria	1,111,226	1,079,702	1,142,565	397,135
Unallocated	24,466	103,680	3,642	9,824
Consolidated total	**1,183,364**	**1,772,707**	**1,159,112**	**1,194,066**

Impairment losses recognised for the year in respect of property, plant and equipment

	2015 $	2014 $
Western Australia	–	1,300,000
South Australia	–	2,350,000
Consolidated total	**–**	**3,650,000**

3. Revenue

The following is an analysis of the Group's revenue for the year.

	2015 $	2014 $
(a) Revenue – sale of goods	**51,382,683**	**71,234,965**
(b) Finance income		
Interest received	**1,026**	**706**
(c) Other revenue		
Grant income	200,000	–
Contingent consideration reduction	–	1,864,167
Foreign exchange gains/(losses)	56,307	(18,032)
Other	51,084	288,808
Total other revenue	**307,391**	**2,134,943**

4. Depreciation and amortisation

	2015 $	2014 $
Property, plant and equipment	1,141,450	1,730,792
Other assets	41,914	41,915
Total depreciation and amortisation	**1,183,364**	**1,772,707**

5. Finance costs

	2015 $	2014 $
Other	22,610	18,923
Interest on working capital facility	63	187,647
Interest on convertible notes	1,577,992	1,514,172
Total finance costs	**1,600,665**	**1,720,742**

The weighted average interest rate on borrowed funds is 11.50% (2014: 10.09%).

6. Income taxes

	2015 $	2014 $
Deferred tax benefit/(expense) relating to the origination and reversal of temporary timing differences and tax losses	–	–
Total tax benefit/(expense)	–	–

The prima facie income tax expense on pre-tax accounting profit/(loss) from operations reconciles to the income tax expense in the financial statements as follows:

Accounting profit/(loss) before income tax	467,203	(5,581,590)
Income tax expense/(benefit) calculated at 30%	140,161	(1,674,477)
Effect of expenses that are not deductible in determining taxable income	508	(557,022)
Effect of temporary differences not recognised	(435,866)	1,570,244
Effect of tax losses not recognised	293,300	574,557
Share based payments and impairment charges	1,897	86,698
Income tax credit recognised in profit or loss	–	–

Unrecognised deferred tax balances

The following deferred tax assets have not been recognised:		
– Deductible temporary differences	8,039,297	7,294,395
– Tax losses	26,170,182	25,490,857
	34,209,479	**32,785,252**

Recognised deferred assets and tax liabilities

The following deferred tax balances have been recognised:		
Deferred tax assets		
– Fixed assets	800	8,748
Deferred tax liabilities		
– Foreign exchange	–	(7,816)
– Prepayments	(800)	(932)
	–	–

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

Tax consolidation

Australian Renewable Fuels Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for at a tax consolidation level.

The entities in the tax consolidated group entered into a tax sharing agreement on adoption of the tax consolidation legislation which, in the opinion of the Directors, limits the joint and several liabilities of the controlled entities in the case of a default by the head entity, Australian Renewable Fuels Limited.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company Australian Renewable Fuels Limited. The difference between the current tax amount that is allocated under the tax funding agreement and the amount that is allocated under an acceptable method is recognised as a contribution/distribution of the subsidiaries' equity accounts. The Group has applied the Group allocation approach in determining the appropriate distribution of current taxes to allocate to members of the tax consolidation group.

7. Trade and other receivables

	2015 $	2014 $
Trade receivables	2,649,140	2,492,830
Provision for doubtful debts	–	(4,379)
Total trade and other receivables	**2,649,140**	**2,488,451**
Age of receivables that are past due but not impaired		
30 – 60 days	61,032	74,788
60 – 90 days	7,440	45,451
90+ days	–	15,087
Total receivables that are past due but not impaired	**68,472**	**135,326**

Trade receivables are non-interest bearing and are generally on 7 to 30 day terms. An allowance is made when there is objective evidence that a trade receivable is impaired.

8. Inventories

	2015 $	2014 $
Raw materials – at cost	782,244	2,139,593
Consumables – at cost	753,676	919,120
Finished goods – at cost	3,627,362	2,718,370
By products – at cost	75,397	15,829
Spare parts – at cost	562,148	414,258
Total inventories	**5,800,827**	**6,207,170**

9. Other current assets

	2015 $	2014 $
Prepaid insurance	738,252	869,498
Other	294,985	225,189
Total other current assets	**1,033,237**	**1,094,687**

10. Property, plant and equipment

	Freehold land and buildings $	Other plant, equipment and motor vehicles $	Total $
Gross carrying amount			
Balance at 1 July 2013	**3,899,535**	**36,403,635**	**40,303,170**
Additions	–	1,194,066	1,194,066
Disposals	–	(6,989)	(6,989)
Balance at 1 July 2014	**3,899,535**	**37,590,712**	**41,490,247**
Additions	–	1,141,809	1,141,809
Disposals	–	(132,425)	(132,425)
Balance at 30 June 2015	**3,899,535**	**38,600,096**	**42,499,631**
Accumulated depreciation and impairment			
Balance at 1 July 2013 (restated)[(i)]	**–**	**(7,345,239)**	**(7,345,239)**
Depreciation expense (note 4)	–	(1,730,792)	(1,730,792)
Impairment losses recognised in profit or loss	–	(3,650,000)	(3,650,000)
Balance at 1 July 2014	**–**	**(12,726,031)**	**(12,726,031)**
Depreciation expense (note 4)	–	(1,141,450)	(1,141,450)
Disposals	–	112,486	112,486
Balance at 30 June 2015	**–**	**(13,754,995)**	**(13,754,995)**
Net book value			
As at 30 June 2014	3,899,535	24,864,681	28,764,216
Balance at 30 June 2015	**3,899,535**	**24,845,101**	**28,744,636**

(i) Management identified a prior period depreciation error in relation to the impairment of the Barnawartha plant. An inconsistency in the calculation of depreciation resulted in an overstatement of depreciation expense for the consolidated Group for the year ending 30 June 2012 of $649,731. The restatement resulted in an increase in net assets of the Consolidated Group as at 30 June 2013 of $649,731 (Company: nil impact) and a reduction in the accumulated losses for the 12 months ending 30 June 2013 (Company: nil impact) of $649,731.

10.1 Impairment

In accordance with the Group's policy, the Group has performed an annual assessment of impairment indicators. Following the review of external and internal sources of information, it was determined that indicators of impairment exist at 30 June 2015 for the three Cash Generating Units (CGU's). The three CGU's have been determined to be the Western Australia, South Australia and Victorian segments. Each CGU comprises a manufacturing plant and assets with clearly attributable cash flows. Corporate costs have been allocated to the CGU's where the costs are necessary to operate the asset on a standalone basis

The following impairment indicators were identified:

1. As described in the Directors report, the Australian Federal Senate approved the changes to the biodiesel excise in a revised form in June 2015. Whilst the announcement represents a significant improvement on the previously proposed legislation, biodiesel now does attract excise which is phased in over a 16 year period. Previously Biodiesel was free of excise. As a result the long term margin is expected to decrease over the 16 year period.

2. The market capitalisation of ARfuels is lower than the carrying amount of net assets of the Group as at 30 June 2015.

Following the identification of the above impairment indicators, the Group performed an assessment whether the recoverable amount of each CGU exceeds its carrying amount. The recoverable amounts have been determined based on an assessment of the higher of Value in Use or Fair Value Less Costs to Sell.

The result of the impairment testing has led to no additional impairment to be recorded at 30 June 2015. The impairment considerations for each CGU are detailed as follows:

South Australia and Western Australia

The South Australia and Western Australia CGU's were impaired to their Orderly Liquidated Values (OLV's) of the respective plant and equipment in the prior year. The OLV's were determined by independent valuation experts in the prior year by assessing the realisable value of all assets less the cost of all decommissioning, dismantling and sale fees via a piecemeal sale of the asset components over a year. The realisable value of the assets was calculated by researching current market prices and observing recent sales of similar assets on both an OLV and auction basis.

As both plants remains non-operational the prior year valuation is still considered appropriate on the basis that circumstances and inputs have not changed since prior periods.

Victoria

The Victoria CGU continues to generate earnings for the Group and has performed within current budget expectations. Despite the impact of the legislative changes, the CGU will continue to be profitable in the short to medium term. The CGU has key and material sales contracts that on current expectations will continue on similar terms and have been recently re-negotiated.

Whilst the CGU is profitable, the impairment indicators resulted in the Group testing the Property, Plant and Equipment of the CGU for impairment. A discounted cash flow (DCF) Value in Use calculation was completed to determine if the recoverable amount (being deemed to be higher than the Fair Value Less Costs to Sell) of the CGU exceeds the carrying amount of the assets.

The model was prepared over a 16 year period, being the period of the introduction of excise and the current useful life of the plant and equipment with an OLV valuation being applied in the final year as determined by valuation experts. No terminal value was applied.

The following key inputs and assumptions were applied in the model:

- Historically margin has remained consistent irrespective of increases in feedstock costs, changes in exchange rates and oil prices therefore a consistent historical margin was applied in the model adjusted for the introduction of excise which results in a reduction of the margin over time.
- a post-tax Weighted Average Cost of Capital (WACC) of 13%;
- a 2.5% inflation rate applied to corporate operating expenses allocated to the CGU.

The result of the DCF calculation is that the recoverable amount exceeds the carrying amount.

Sensitivity analysis for the Victorian CGU

A 6% to 10% decrease in historic margin would result in an impairment between $0.1 million and $3 million. This margin variance could occur due to a fundamental shift in the historic margin despite historic trends where the key inputs offset.

A 5% increase in the WACC rate would result in an impairment of $0.1 million.

Each of the sensitivities above assumes that the specific assumption moves in isolation, while all other assumptions are held constant. In reality, a change in one assumption could be accompanied by a change in another assumption, which may increase or decrease the net impact of the recoverable amount of the CGU.

11. Other non-current assets

	2015 $	2014 $
Prepaid lease on Picton land(i)	553,156	595,070
Total other non-current assets	**553,156**	**595,070**

(i) In the 2010 financial year, the Group entered into an agreement for the sale of its Picton land to Kingslane Pty Limited for a total consideration of $3,000,000 and agreed to lease back a portion of the land (approximately 25% of the total property) for a fixed fee of $838,290 (included stamp duty of $58,290) paid up front. Refer to note 18.

12. Trade and other payables

	2015 $	2014 $
Trade payables(i)	3,086,179	2,907,765
WA Government grant(ii)	50,000	250,000
Insurance premium funding	588,904	678,979
Accrued costs	2,392,805	2,321,122
Other payables	97,247	89,468
Total trade and other payables	**6,215,135**	**6,247,334**

(i) Trade payables are non-interest bearing and are normally settled on 0-60 day terms.
(ii) The WA Government advance is convertible to a grant when certain performance conditions are met. The Government advance was awarded in 2005 with a convertible period of 5 years. The advance is non-interest-bearing and any unconverted and outstanding amounts as at June 2012 were repayable at that time. In the 2015 financial year $200,000 was converted to a grant (recognised as revenue) based on achievement of conditions. The Group has agreed with the WA government if the conditions are not met there is a requirement to repay the grant in September 2016.

13. Provisions

	2015 $	2014 $
Employee leave		
Current	467,992	288,575
Non-current	48,073	254,141
Total provisions	**516,065**	**542,716**

14. Convertible notes

The convertible notes were issued as part of the consideration for the acquisition of BPL. The convertible notes include a derivative component due to the conversion features of the note. The conversion option allows for conversion at $6(i), but if converted on maturity date, the conversion price is the VWAP for 3 months prior to maturity date less 10%. Conversion is for one share at $6(i) and one option at $3(i) for every three shares issued. The convertible notes, including the variable share price conversion component and the share options component, are required to be valued at inception, and then at each balance date with any changes to the fair value recorded through profit or loss. Additional information on the inputs to the valuation of the derivative is provided at note 21.6. $1.1 million of the liability has been reduced by an unrealised gain on the embedded derivative during the 2013 financial year.

	2015 $	2014 $
Derivative component(i)		
Opening balance	1,470,138	1,470,138
Unrealised loss/(gain) on derivative	–	–
Closing balance	**1,470,138**	**1,470,138**
Debt component		
Opening balance	12,446,119	12,446,119
Capitalised interest(ii)	–	–
Closing balance	**12,446,119**	**12,446,119**
Disclosed in the financial statements as:		
Other non-current liabilities	13,916,257	13,916,257
	13,916,257	**13,916,257**

(i) The conversion price of the shares and options has been adjusted for the share consolidation of 100:1 completed during the year ended 30 June 2014. The derivative component of the convertible notes has been recalculated by Management at 30 June 2015 in accordance with AASB 139.
(ii) The Group elected to capitalise interest accrued for the year ended 31 October 2012.

15. Bank Facilities

At the reporting date, the Group had the following undrawn financing facilities in place with HSBC Bank Australia Limited:

	2015 $	2014 $
Total facilities:		
Working capital facility	5,500,000	5,500,000
Facilities used at reporting date:		
Working capital facility	–	–
Facilities unused at reporting date:		
Working capital facility	5,500,000	5,500,000
	5,500,000	**5,500,000**

16. Issued capital and contributed equity

Fully paid ordinary shares	2015 $	2014 $
	19,869,826	135,944,302

16.1 Ordinary shares

Ordinary shares		2015		2014
	No.	$	No.	$
Opening balance	41,956,145	135,944,302	4,195,537,997	135,944,302
Share consolidation	–	–	(4,153,581,852)	–
S258F capital reduction		(116,074,476)		
Closing balance	**41,956,145**	**19,869,826**	**41,956,145**	**135,944,302**

16.2 Options

Options		2015		2014
	No.	$	No.	$
Opening balance	1,605,000	2,440,211	168,190,000	2,151,218
Share based payments	–	28,644	–	288,993
Share consolidation	–	–	(166,508,100)	–
Options expired/forfeited	(1,005,000)	(2,245,579)	(76,900)	–
Closing balance	**600,000**	**223,276**	**1,605,000**	**2,440,211**

The balance of accumulated losses at 30 June 2014 included paid up issued capital that had been lost or was not represented by available assets. In accordance with Section 258F of the Corporations Act 2001, the Company reduced its paid up issued capital by $116,074,476 with an equal reduction of the accumulated losses balance.

There is no impact on shareholders from the capital reduction as no shares have been cancelled or rights varied. Similarly, creditors are not affected as there has been no change in available assets. There is also no impact on the availability of the Company's tax losses from this capital reduction.

17. Commitments

The Group has entered into the following operating lease arrangements:

i. A 20 year lease of the land on which the Largs Bay facility is located, which terminates on 31 October 2031.

ii. A 5 year lease on the Group's corporate headquarters on St Kilda Road, Melbourne, which was to terminate on 31 October 2016, was surrendered on 31 May 2015.

iii. Various leases of office equipment for terms not exceeding 5 years.

The following obligations relating to the leases are not provided for in the financial report, and are payable:

	2015 $	2014 $
Not longer than 1 year	130,107	232,712
Longer than 1 year and not longer than 5 years	509,902	655,450
Longer than 5 years	1,442,733	1,570,033
Total	**2,082,742**	**2,458,195**

18. Contingent assets and liabilities

i. Contingent asset – Picton land sale contingent consideration

In September 2009, the Group sold its land at the Picton site as part of a wider agreement for the development of an industrial development in the area with additional deferred consideration being contingent on the successful sub-division of the land by the purchaser. If formal sub-division of the land is completed, the Group will become the beneficiary of an asset in the form of one of the sub-divided lots or additional proceeds from the sale of the lot. The nature of the deferred consideration is at the option of the purchaser once sub-division has occurred.

ii. Bank Guarantee

The Group has a guarantee as the security for leased premises to a third party in the normal course of business. The used facility is $594,000 (2014:$544,000). The total facility is $600,000 (2014:$600,000).

19. Subsidiaries

The parent entity of the Group is Australian Renewable Fuels Limited, which has the subsidiaries detailed in the following table.

		Ownership interest	
Name of entity	Country of incorporation	2015 %	2014 %
Parent entity			
Australian Renewable Fuels Limited	Australia		
Subsidiaries			
Biodiesel Producers Pty Ltd	Australia	100	100
Australian Renewable Fuels Picton Pty Ltd	Australia	100	100
Australian Renewable Fuels Adelaide Pty Ltd	Australia	100	100
Besok Fuels Pty Ltd	Australia	100	100
AR Fuels US LLC (incorporated 1 July 2013)	United States	100	100
ASG Analytik Pty Ltd	Australia	50	50

All 100% owned Australian entities are part of the tax consolidated group.

The Group has no significant restrictions on its ability to access or use the assets and settle the liabilities of the group.

During the financial year ended 30 June 2015, the Group did not enter into any contractual arrangements that could require the parent or its subsidiaries to provide financial support to one of the consolidated entities (2014: Nil). Furthermore, neither the parent nor its subsidiaries have provided non-contractual financial or other support to one of the consolidated entities during the financial year (2014: Nil).

20. Cash flows from operations reconciliation

	2015 $	2014 $
Profit/(loss) for the year:	**467,203**	**(5,581,590)**
Non cash items:		
Contingent consideration not paid	–	(1,864,167)
Depreciation and amortisation of property, plant and equipment	1,183,364	1,772,707
Grant income	(200,000)	–
Share-based payments expense	6,325	288,993
Impairment of non-current assets	–	3,650,000
Net foreign exchange gain	(2,730)	(26,053)
Changes in net assets and liabilities:		
(Increase)/decrease in assets:		
Trade and other receivables	(160,689)	1,141,613
Inventories	406,343	4,436,784
Other assets	61,450	4,073,008
Increase/(decrease) in liabilities:		
Trade and other payables	83,033	(4,043,382)
Provisions	(26,652)	39,603
Net cash from operating activities	**1,817,647**	**3,887,516**

21. Financial instruments

21.1 Capital risk management

The Group manages its capital to ensure that all entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the 2014 financial year. The capital structure of the Group can, at various times, consist of debt, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and accumulated losses. None of the Group's entities are subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures including tax and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular and ongoing basis after consideration of the cost of capital and the risks associated with each class of capital.

The gearing ratio at year end was as follows:

	2015 $	2014 $
Debt(i)	13,916,257	13,916,257
Cash and cash equivalents	(1,736,289)	(953,013)
	12,179,968	12,963,244
Equity (ii)	19,869,828	19,396,300
Net debt to equity ratio	0.61:1	0.67:1

(i) Debt is defined as current and non-current borrowings as disclosed in note 14 which represents the convertible notes and derivative issued as a component of the acquisition of Biodiesel Producers Pty Ltd. The convertible notes are subordinated debt.
(ii) Equity includes all capital, reserves and accumulated losses.

21.2 Significant accounting policies relating to financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are detailed below.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments. Borrowings are classified as financial liabilities measured at amortised cost.

Classification as debt or equity

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

Equity instruments

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

Categories of financial instruments

	2015 $	2014 $
Financial assets		
Cash and cash equivalents	1,736,289	953,013
Trade and other receivables	2,649,140	2,488,451
	4,385,429	**3,441,464**
Financial liabilities		
Bank working capital facilities	–	–
Trade and other payables	6,215,135	6,247,334
Convertible notes	12,446,119	12,446,119
Derivative component of convertible note	1,470,138	1,470,138
	20,131,392	**20,163,591**

The carrying amount reflected above represents the Group's maximum exposure to credit risk on the principal amounts for such credit.

21.3 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and interest rates. The Group manages its exposure to foreign currency on an individual transaction basis and may include entering into contracts in foreign currency when exchange rates are more favourable to the Company. From time to time the Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. At the end of the year the Group was exposed to US Dollar (USD) currency fluctuations. Exchange rate exposures are managed within approved internal policy parameters.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the reporting date were:

	Liabilities		Assets	
	2015 $	2014 $	2015 $	2014 $
US dollars (Australian dollars equivalent)	–	–	455,010	411,453

Foreign currency sensitivity analysis

Based on the financial instruments held at 30 June 2015 the Group's post tax profit and equity would have been $45,501 higher/lower (2014: $41,145 higher/lower) with a 10% increase/decrease in the Australian dollar against the US dollar.

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates in the short-term.

21.4 Interest rate risk management

The Group may, from time to time, be exposed to interest rate risk as entities in the Group borrow funds or enter into structured debt facilities at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. At 30 June 2015, all borrowings were on a fixed rate basis and the Group's working capital facilities were on a floating basis. The Group's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk sensitivity analysis

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

At reporting date there were no borrowings in relation to bank facilities therefore there is no risk associated with an increase/decrease in interest rates on the Group's net profit (2014: nil). Being on a fixed rate basis, there would be no impact on the other borrowings. Other equity reserves increase/decrease would be nil (2014: nil).

The Group's sensitivity to interest rates has not changed during the year mainly due to holding fixed debt instruments.

21.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved on an ongoing basis.

As mentioned in note 2, the Group is currently reliant on a major supply contract with a major oil company exposing the group to a single counterparty. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. All non-bank credit is subordinate to bank credit.

21.6 Liquidity risk management

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

The following table details the Group's contractual maturity for its non-derivative financial assets and liabilities.

The table has been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 1 month $	1 – 3 months $	3 months to 1 year $	1–2 years $	3+ years $
2015						
Financial assets						
Trade and other receivables	–	2,649,140	–	–	–	–
Cash and cash equivalents	0.0%	1,736,289	–	–	–	–
		4,385,429	**–**	**–**	**–**	**–**
Financial liabilities						
Working capital facilities	–	–	–	–	–	–
Trade and other payables	–	5,626,231	–	–	–	–
Insurance premium financing	(1.95%)	98,151	196,301	294,452	–	–
Convertible notes	(10.5%)	–	–	–	13,650,000	–
– Interest	–	–	–	1,581,027	794,833	–
– Capitalised interest	(10.5%)	–	–	–	1,366,257	–
		5,724,382	**196,301**	**1,875,479**	**15,811,090**	**–**
2014						
Financial assets						
Trade and other receivables	–	2,488,451	–	–	–	–
Cash and cash equivalents	1.8%	953,013	–	–	–	–
		3,441,464	**–**	**–**	**–**	**–**
Financial liabilities						
Working capital facilities	–	–	–	–	–	–
Trade and other payables	–	5,568,355	–	–	–	–
Insurance premium financing	(2.6%)	113,164	226,326	339,489	–	–
Convertible notes	(10.5%)	–	–	–	–	13,650,000
– Interest	–	–	–	1,576,707	1,317,522	794,833
– Capitalised interest	(10.0%)	–	–	–	–	1,366,257
		5,681,519	**226,326**	**1,916,196**	**1,317,522**	**15,811,090**

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial liabilities are determined, in particular, the valuation techniques and inputs used.

21.6.1 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs to fair value	Relationship of unobservable inputs to fair value
	30/06/2015	30/06/2014				
1) Derivative component of convertible notes	Liabilities – $1,470,138	Liabilities – $1,470,138	Level 3	Option pricing models including quoted share prices in an active market.	Probability – likelihood of early repayment. Probability – likelihood of conversion.	The higher the likelihood of early repayment the lower the fair value. The higher the likelihood of conversion the lower the fair value.

If the above unobservable inputs to the valuation model were 10% higher/lower while all the other variables were held constant, the carrying amounts of the liabilities would have been $243,805 higher/lower.

21.6.2 Reconciliation of Level 3 fair value measurements

30 June 2015	Derivative component of convertible notes $	Contingent consideration on acquisition $	Total $
Opening balance	1,470,138	–	1,470,138
Disposals/settlements	–	–	–
Total gains or losses:			
– in profit or loss	–	–	–
Closing balance	**1,470,138**	**–**	**1,470,138**

30 June 2014	Derivative component of convertible notes $	Contingent consideration on acquisition $	Total $
Opening balance	1,470,138	2,000,000	3,470,138
Disposals/settlements	–	(135,833)	(135,833)
Total gains or losses:			
– in profit or loss	–	(1,864,167)	(1,864,167)
Closing balance	**1,470,138**	**–**	**1,470,138**

22. Key management personnel compensation

Key management is defined as Directors and other key management personnel as referred to in the remuneration report. The aggregate compensation made to key management personnel of the Group is set out below:

	2015 $	2014 $
Short-term employee benefits	1,453,732	1,283,251
Post-employment benefits – superannuation	82,029	89,115
Termination Benefits	95,970	–
Share-based payments	6,226	244,098
Total key management personnel compensation	**1,637,957**	**1,616,464**

23. Related party transactions

There were no related party transactions during the period.

24. Remuneration of auditors

	2015 $	2014 $
Auditor of the parent entity (Deloitte Touche Tohmatsu):		
Audit and review of the financial report	89,000	130,100
Non-audit services:		
– Taxation advice	19,875	13,950
– Corporate Advice	–	8,230
Total remuneration of auditors	**108,875**	**152,280**

25. Earnings per share

	2015 $	2014 $
Basic earnings profit/(loss) per share(i)	0.01	(0.13)
Diluted earnings profit/(loss) per share(ii)	0.01	(0.13)

(i) Basic earnings per share

Profit/(loss) attributable to owners of the parent	467,494	(5,531,949)

	2015 Number	2014 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share(iii)	41,956,145	41,956,145

(ii) Diluted earnings per share

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2015 Number	2014 Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	41,956,145	41,956,145
Employee share options(iii)(iv)	600,000	1,605,000
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**42,556,145**	**43,561,145**

(iii) During the year ended 30 June 2014, the Group completed a share consolidation on a 100:1 basis. The consolidation involved the conversion of every hundred fully paid ordinary shares into one fully paid ordinary share. The information above has been adjusted to reflect the share consolidation.
(iv) During the year ended 30 June 2014, the options were considered anti-dilutive given the company was in a loss-making position.

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share.

	2015 Number	2014 Number
Convertible Note Options	56,360,503	97,553,356

26. Share-based payments

26.1 Employee share option plan

Share options are granted to executives and staff as part of their remuneration package under the Employee Share Option Plan. There are no cash settlement alternatives. The Employee Share Option Plan is designed to provide long-term incentives for senior managers and above (including Directors) to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and there is no individual contractual right to participate in the plan or to receive any guaranteed benefits.

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Option series grant date	Number of options(i)	Expiry date	Exercise price(i) $	Fair value at grant date(i) $
September 2008	1,900	September 2013	n/a	3.00
August 2009	17,500	September 2014	1.93	1.00
November 2009	312,500	September 2014	1.93	1.00
December 2011	450,000	December 2014	2.93	1.00
March 2012	575,000	February 2015	2.93	1.00
March 2012	400,000	March 2015	3.93	1.00
December 2012	150,000	November 2015	3.93	1.00

(i) During the year ended 30 June 2014, the Group completed a share consolidation on a 100:1 basis. The consolidation involved the conversion of every hundred fully paid ordinary shares into one fully paid ordinary share. The information above has been adjusted to reflect the share consolidation.

26.2 Fair value of share options granted

There were no options granted during the financial year (2014: nil). In the prior year the options granted were priced using a Black-Scholes valuation model. The inputs into this model were:

	Inputs into the model				
Option series grant date	**Grant date share price $**	**Exercise price (i) $**	**Expected volatility**	**Risk-free interest rate**	**Option life**
September 2008	2.90	n/a	217%	5.70%	60 months
August 2009	1.40	1.93	220%	4.90%	61 months
November 2009	2.00	1.93	208%	4.60%	58 months
December 2011	1.40	2.93	92%	3.02%	36 months
January 2012	1.40	1.93	94%	3.14%	12 months
March 2012	1.60	2.93	93%	3.70%	36 months
March 2012	1.50	3.93	93%	3.55%	36 months
December 2012	1.10	3.93	94%	2.64%	36 months

(i) During the year ended 30 June 2014, the Group completed a share consolidation on a 100:1 basis. The consolidation involved the conversion of every hundred fully paid ordinary shares into one fully paid ordinary share. The information above has been adjusted to reflect the share consolidation.

26.3 Movements in employee share options

The following table reconciles the outstanding options granted under the employee share option plan at the beginning and end of the financial year:

	2015		2014	
	Number of rights(iii)	**Weighted average exercise price $**	**Number of rights(iii)**	**Weighted average exercise price $**
Balance at beginning of the financial year	1,605,000	3.21	1,681,900	3.20
Granted during the financial year	–	–	–	–
Exercised during the financial year(i)	–	–	–	–
Forfeited during the financial year	(50,000)	3.93	(75,000)	2.93
Expired during the financial year	(955,000)	3.19	(1,900)	10.00
Balance at end of the financial year(ii)	600,000	3.18	1,605,000	3.21
Exercisable at end of the financial year	**450,000**	**2.93**	**1,005,667**	**3.09**

(i) There were no options granted under the employee share option plan that were exercised during the financial year.
(ii) The share options outstanding at the end of the financial year had a weighted average exercise price of $3.18 (2014: $3.21), and a weighted average remaining contractual life of 0 years (2014: 0.4 years).
(iii) Note that during the year ended 30 June 2014 ARfuels completed a Share Consolidation on a 100:1 basis.

27. Subsequent events

Other than as already noted in the financial statements, there have been no significant subsequent events in the affairs of the Group at the date of this report.

28. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiary listed below is relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Director's reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiary subject to the Deed is Biodiesel Producers Pty Ltd.

Australian Renewable Fuels Limited and Biodiesel Producers Pty Limited entered into a Deed of Cross Guarantee on 2 April 2014. A consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, comprising the Company and the controlled entity which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2015 is set out below.

Closed group consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2015

	2015 $	2014 $
Revenue from operations	50,164,944	62,065,906
Cost of goods sold	(35,507,123)	(47,948,453)
Gross profit	14,657,821	14,117,453
Direct costs	(6,179,986)	(4,739,721)
Corporate and administration expenses	(3,278,068)	(1,932,076)
Staff costs	(2,376,709)	(3,067,449)
Other revenue	260,461	1,982,935
Finance income	1,026	134
Depreciation and amortisation expenses	(1,135,693)	(1,106,606)
Finance costs	(1,600,602)	(1,674,451)
Profit/(loss) before tax	348,250	3,580,219
Income tax expense	–	–
Profit/(loss) for the period	**348,250**	**3,580,219**
Other comprehensive income for the year net of income tax	–	–
Total comprehensive income for the year	**348,250**	**3,580,219**

Closed group consolidated statement of financial position as at 30 June 2015

	2015 $	2014 $
Current assets		
Cash and cash equivalents	1,534,908	909,322
Trade and other receivables	2,529,995	2,470,636
Inventories	3,128,580	2,752,461
Other	891,540	969,779
Total current assets	**8,085,023**	**7,102,198**
Non-current assets		
Property, plant and equipment	26,163,819	26,190,545
Amounts receivable from associates	2,299,210	2,822,172
Financial assets	5	5
Total non-current assets	**28,463,034**	**29,012,722**
Total assets	**36,548,057**	**36,114,920**
Current liabilities		
Trade and other payables	5,931,721	5,844,610
Provisions	393,792	229,896
Total current liabilities	**6,325,513**	**6,074,506**
Non-current liabilities		
Provisions	44,812	217,253
Convertible notes	13,916,257	13,916,257
Total non-current liabilities	**13,961,069**	**14,133,510**
Total liabilities	**20,286,582**	**20,208,016**
Net assets	**16,261,475**	**15,906,904**
Equity		
Issued capital	19,869,826	135,944,302
Reserves	223,276	2,440,211
Accumulated losses	(3,831,627)	(122,477,609)
Equity attributable to owners of the company	16,261,475	15,906,904
Non-controlling interests	–	–
Total equity	**16,261,475**	**15,906,904**

29. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 1 for a summary of the significant accounting policies relating to the Group.

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries. Refer to note 28 for detailed disclosure.

Financial position	**2015 $**	**2014 $**
Assets		
Current assets	772,385	976,953
Non-current assets	21,425,299	21,988,759
Total assets	**22,197,684**	**22,965,712**
Liabilities		
Current liabilities	1,446,202	1,743,506
Non-current liabilities	14,056,509	14,049,292
Total liabilities	**15,502,711**	**15,792,798**
Equity		
Issued capital	19,869,826	135,944,302
Accumulated losses	(13,398,129)	(131,211,599)
Reserves	223,276	2,440,211
Total equity	**6,694,973**	**7,172,914**

Financial performance	**2015 $**	**2014 $**
Profit/(loss) for the year	(484,262)	(3,948,623)
Other comprehensive income	–	–
Total comprehensive income	**(484,262)**	**(3,948,623)**

Directors' declaration

The Directors declare that:

i. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

ii. in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in note 1 to the financial statements;

iii. in the Directors' opinion, the attached financial statements and notes thereto are in compliance with the Corporations Act 2001, including compliance with accounting standards and give a true and fair view of the financial position and performance of the consolidated entity; and

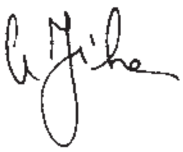
iv. the Directors have been given the declarations required by section 295A of the Corporations Act 2001.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 28 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors,



Alan Fisher
Chairman
Barnawartha, 28 August 2015

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Independent Auditor's Report to the members of Australian Renewable Fuels Limited

Report on the Financial Report

We have audited the accompanying financial report of Australian Renewable Fuels Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, 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 as set out on pages 28 to 67.

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 consolidated 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 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.

Auditor's Independence Declaration

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 Australian Renewable Fuels Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Deloitte.

Opinion

In our opinion:

a) the financial report of Australian Renewable Fuels 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 2015 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 24 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Australian Renewable Fuels Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ryan Hansen
Partner
Chartered Accountants
Melbourne, 28 August 2015

Additional shareholder information

Additional information required by the ASX Listing Rules not disclosed elsewhere in the full year report is set out below.

The shareholder information set out below was applicable as at 21 August 2015.

1. Distribution of Shareholders

Distribution of ordinary shareholders and shareholdings is set out in the table below:

Range	Total holders	Units	% of Issued Capital
1 – 1,000	693	363,371	0.87
1,001 – 5,000	501	1,207,881	2.88
5,001 – 10,000	130	1,046,267	2.49
10,001 – 100,000	183	5,394,493	12.86
100,001 – 999,999,999	41	33,944,133	80.90
Total	**1,548**	**41,956,145**	**100.00**

Voting rights as governed by the Constitution of the Company provide that each ordinary shareholder present in person or by proxy at a meeting shall have:

i. on a show of hands, one vote only; and

ii. on a poll, one vote for every fully paid ordinary share held.

2. Largest shareholders

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

Rank	Name	Shares held	% of issued capital
1.	NATIONAL NOMINEES LIMITED	8,998,941	21.45
2.	UBS NOMINEES PTY LTD	7,755,373	18.48
3.	HSBC CUSTODY NOMINEES ‹AUSTRALIA LIMITED›	3,898,406	9.29
4.	AUSTRALIAN ENTERPRISE HOLDINGS PTY LTD ‹PLAYOUST FAMILY TR A/C›	2,000,000	4.77
5.	MAMONTOV LIMITED	1,227,756	2.93
6.	SWEET WATER PTY LTD ‹FARMOCEAN SUPER FUND A/C›	1,050,000	2.50
7.	PICTON COVE PTY LTD	898,779	2.14
8.	THIRTY-FIFTH CELEBRATION PTY LTD ‹JC MCBAIN SUPER FUND A/C›	679,878	1.62
9.	J & M PLAYOUST SUPERANNUATION PTY LTD ‹J & M PLAYOUST S/F A/C›	550,000	1.31
10.	KNIGHTLY PTY LTD	530,750	1.27
11.	MR JASON GILBERT RIGGS	500,000	1.19
12.	SEASPIN PTY LTD ‹APHRODITE A/C›	374,928	0.89
13.	HARLEY CLARKE ENTERPRISES PTY LTD	366,813	0.87
14.	HOTLAKE PTY LTD ‹HALCYON SUPER FUND A/C›	362,858	0.86
15.	DIXSON TRUST PTY LTD	345,305	0.82
16.	MR VALLIPURAM SANTHIRASEGARAM	339,332	0.81
17.	MINIATA TECHNOLOGIES PTY LTD	291,736	0.70
18.	L & A PLAYOUST SUPERANNUATION PTY LTD ‹L & A PLAYOUST S/F A/C›	267,143	0.64
19.	EARLY FORCE PTY LTD	240,625	0.57
20.	MR IAN JOHN JAMES	230,962	0.55
Top 20 holders of ordinary fully paid shares		**30,909,585**	**73.67**

3. Option holders

The Company has no listed options.

4. Register of substantial shareholders

The names of substantial shareholders in the Company and the number of fully paid ordinary shares in which each has an interest, as disclosed in substantial shareholder notices to the Company on the respective dates shown, are as follows:

Rank	Name	Shares held	% of issued capital
1.	NEFCO NOMINEES PTY LTD– notified 15 March 2013	8,977,522 (897,752,286*)	21.40
2.	TIGA TRADING PTY LTD – notified 20 November 2013	7,004,324	16.70
3.	WENTWORTH HOLDINGS LIMITED – notified 20 November 2013	4,272,147	10.18

*(figure reported in substantial notice was prior to 100 to 1 consolidation)

5. Restricted Securities

The Company had no securities subject to escrow arrangement.

Corporate information

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Melbourne VIC 3000

Anthony Liston
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Postal address
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Barnawartha VIC 3688

ASX code
ARW

Share registry
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Abbotsford VIC 3067

Solicitors
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181 William Street
Melbourne VIC 3000

Gadens Lawyers
Level 25, Bourke Place
600 Bourke Street
Melbourne VIC 3000

Bankers
HSBC Bank Australia Limited
Level 10, 333 Collins Street
Melbourne VIC 3000

Auditors
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