Solagran Limited

Appendix 4E – Preliminary Final Report

(ASX Listing rule 4.2A)

Company Name:	Solagran Limited (the 'Company')
ABN:	48 002 592 396
Reporting Period:	Financial year ended 30 June 2013
Previous Reporting Period:	Financial year ended 30 June 2012

Result for Announcement to the Market

The results of Solagran Limited for the year ended 30 June 2013 are as follows:

Revenue from ordinary activities	down	11.19%	to	$1,610,255
Loss after tax attributable to members	down	73.47%	to	($4,892,800)
Net loss for the period attributable to members	down	73.47%	to	($4,892,800)

Brief explanation of figures reported above

Revenue for the period is comprised of revenue from the sale of Bioeffective products.

The loss for the consolidated entity after income tax for the reporting period was ($4,892,800) (2012: $18,439,749).

For further details relating to the current period's results, refer to the Operations Report contained within this document. No change to the consolidated entity's structure occurred during the year.

Dividends

No dividends have been paid or declared by the Company since the beginning of the current reporting period. No dividends were paid for the previous reporting period.

Net Tangible Assets per Share

	30 June 2013	30 June 2012
Net Tangible Assets	($4,116,942)	($366,892)
Shares (No.)	343,510,161	343,510,161
Net Tangible Assets per Share (Cents)	(1.20)	(0.11)

Earnings/(Loss) per Share

	30 June 2013	30 June 2012
Basic earnings/(loss) per share	(1.42)	(5.37)
Diluted earnings/(loss) per share	(1.42)	(5.37)

Status of Audit of Accounts

This Appendix 4E is based on accounts which have been audited. The audit report is included within the financial report which accompanies this Appendix 4E.

Solagran Limited

Annual Financial Report

For the Year Ended 30 June 2013

Contents

Solagran Limited

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A message from The Chairman

The 2014/15 financial year has been another challenging time for Solagran since the Company shares stopped trading on 1 March 2012. In the previous 3 to 4 years, the company went through difficult times which involved several court cases that thankfully finished in Solagran Ltd.'s favour. Nevertheless, we managed to achieve many positive results and even attracted investors into the company who provided sufficient funds to move forward.

Solagran remains a unique company whose foundation, as investors well know, tracks back to scientific research commenced at the State Forest Technical Academy in St Petersburg in the 1930's. Over the last 80 years, an enormous volume of research and development has been completed and continues nowadays, forming the foundation of the company today. Though not reflected in the financial results at this stage, you will understand that what the Company has accumulated so far, on close inspection, provides enough evidence to demonstrate why financial success is imminent. Our patents are in place; products are in place and their applications are also there. It is obvious the company is moving towards real financial success. Much has been accomplished in the preceding 24 months on both a commercial and scientific level. A summary of the key developments are discussed below.

Unilever Russia

Our relationship is improving every month and becomes stronger. Over 2014 and 2015 Solagran was awarded "Reliable Supplier" rating which ranks the Company very high out of all suppliers for Unilever Russia. The Company also went through Unilever's social and technological audit which has been passed and is now on the last stage of the full certification phase. This is planned to be conducted by an independent Dutch organisation appointed by Unilever, in February 2016, to confirm full certification of our Russian subsidiary Solagift. Once completed, this will allow Solagran's products to be used in 28 production facilities of Unilever Worldwide. Today Unilever buys from Solagran an average of 2 tonne CGNC/Chlorophyll Carotene Paste monthly, as well as Balsamic Paste; Pro-Vitamin Concentrate (according to their request); Oil fraction, and is planning to bring another one of our products to market - Water fraction - for oral care (toothpaste, mouth wash etc.) and we are in advanced negotiation with them to expand the range of Bioeffectives for different medical applications. Demand of our aforementioned products according to the existing agreement, will double starting from the second quarter of 2016.

Vyshny Volochyok Production Facility of Solagran

Due to investment, this production facility which previously had the capacity to produce 1.5 – 2 tonne of CGNC/Chlorophyll Carotene Paste monthly, was expanded and can now produce up to 3 to 3.5 tonne CGNC monthly. It fulfils all Unilever Russia, Australia, Emirates and Malaysian demands so far.

Bioeffective A

1. Sales of Bioeffective A in the Emirates is on the increase.
2. In Malaysia, Solagran together with its partner Nuvanta, added another successful line extension to the NuvaPine A brand when it launched NuvaPine A 320 in August 2014 (NuvaPine A 160mg was launched in Oct 2010).

   Within a year, the sales of NuvaPine A has grown by more than 20% making it the No. 1 selling nutraceutical of the company. Today, NuvaPine A is a multi-million ringgit business.

   Now Nuvanta is in the final stages of negotiating the introduction of two of our products to the market – Siberian red and Bioeffective Gel. They are also planning to look to other opportunities to bring similar clinically researched natural therapeutic products to market to meet the growing demands of consumers. One of the areas of NuvaPine's great interest is Ropren.
3. In Australia, beside successfully selling Bioeffective A rebranded as Taiga A 320, which has now gained a great reputation, we also have Bioeffective Gel in the market, for wounds and burns. Siberian Red drink which was also rebranded as Taiga Siberian Red (referred to as Bioeffective I or water fraction) has also gained popularity and a strong reputation for iron deficiency condition and enhancement of the body's immunity and energy levels.

Demand for Siberian Red in Russia and outside is permanently growing and the first batch with an appropriate concentration of iron in it, was delivered to Vietnam. Other drinks, on the basis of Siberian Red in combination with freshly squeezed juices from wild berries, are selling successfully in Russia with expansion to greater Russian market and various other countries being planned.

Poultry Industry and Agriculture

A major development took place for the application of some of Solagran's products in the poultry industry and agriculture. The Company is finalizing supply agreements for supplying products to Europe and Asia.

Tomsk

Solagran is conducting an expansion of its production facility and finishing a new line to meet market demands for obtaining new products for agriculture.

Patents

All these years, Solagran has never stopped conducting pre-clinical and clinical trials, creating new products and successfully continuing its research and development program. We managed to obtain two major technological patents in America and Europe besides Russia and other countries.
In addition to our protected technology, we obtained patents for applications of Ropren and Bioeffective A for the treatment of different ailments such as Alzheimer conditions; Alcoholic liver cirrhosis and H-Pylori. Just recently, the Company was granted a patent for the treatment of H-Pylori with Bioeffective A in Indonesia. Since 2011, starting from Russia, nine of these patents have been granted in multiple international jurisdictions, including the USA, Europe and Australia. Also recently, Solagran made two new patent applications which the Company believes will add great value from both a scientific and practical point of view.

All information relating to new developments of the Company will be announced once Solagran Ltd. re-starts trading.

In conclusion, according to all work performed by the Company so far - the creation of new products; expansion of its market and broadening the wide range of different products with different applications to meet consumer needs - in the near future, we expect that Solagran will not only be self-sufficient but a successful profitable company, which will increase value for our shareholders who patiently waited for the Company to reach its potential and deliver what has always been envisaged.

Yours sincerely

Dr. Vagif Soultanov
Executive Chairman

Operations Report

Review of Consolidated Entity's Activities

Solagran Limited and its subsidiaries ("the consolidated entity" or "Solagran") continued its focus on market and product development, intellectual property management and research to ensure sales growth.

This has all been performed in an environment of significant capital constraint during a period where the consolidated entity was not trading on the Australian Securities Exchange (ASX).

During this period, the consolidated entity has focused on the corporate goal of maximising and protecting value for our shareholders by raising capital, recommencing trading on the ASX, and building a sustainable business with the aim of profitability as soon as practicable.

Directors' Report

Directors

The Board of Directors of Solagran Limited present the Directors' Report on the consolidated entity consisting of Solagran Limited and its controlled entities, (referred to hereafter as 'the consolidated entity'), at the end of, or during, the year ended 30 June 2013. In order to comply with the provisions of the Australia *Corporations Act 2001*, the Board of Directors report as follows:

Current Directors

The names of the Directors in office at any time during, or since the end of the year are as follows:

Dr. Vagif Soultanov	**Executive Chairman**
Appointed to the Board	18 June 2003
Experience and expertise	Vagif Soultanov (DSc (Hon), PhD) is the principal founder of Solagran and led the Bioeffectives® research team in St Petersburg in the 1980s. Dr Soultanov holds a doctoral qualification in both organic and biochemistry, and is a registered medical practitioner in Russia. He first came to Australia in 1990 to work with the CSIRO Division of Forest Products as part of an inter-governmental scientific exchange program. He has published over 160 scientific papers both in Russia and internationally, and holds a number of patents. Dr. Soultanov is responsible for the Research and Development activities of Solagran Limited.
Interest in shares	2,815,391 ordinary shares (directly held) 4,921,034 ordinary shares (indirectly held)
Interest in options	3,400,000 options over ordinary shares (exercise price $0.50, expired 30 November 2011)
Committees	Nil
Current or former directorships held in other listed entities within the last 3 years	Nil

Mr. Alexander Kurganov	**Executive Director**
Appointed to the Board	6 February 2009
Experience and expertise	Alexander Kurganov is General Director of SibEX LLC based in Tomsk Siberia, the 100% owned subsidiary of Solagran, Australia. He has lectured in science at the Tomsk Polytechnic University, and holds 5 patents (Russian Federation) and 21 publications. He directed the construction of the world's first facility to produce polyprenols from conifer species.
Interest in shares	4,500,000 ordinary shares (indirectly held)
Interest in options	Nil
Committees	Nil
Current or former directorships held in other listed entities within the last 3 years	Nil

Directors have been in office since the start of the financial year to the date of this report, unless stated otherwise.

Former Directors

Mr. David Croll	Executive Director
Appointed to the Board	28 July 2010
Resigned from the Board	31 August 2012
Experience and expertise	David Croll (BSc(Hons), PhD, FIPAA) completed a Bachelor of Business (Double Major in Accounting and Business Law) at Curtin University in 1989 and qualified as a Chartered Accountant in 1993. Mr Croll then moved to the United Kingdom where he spent two years working as a Finance Manager for a division of Prudential Financial Services. Upon returning to Australia in 1996, Mr Croll spent 12 years in Sydney in a variety of financial and managerial roles with Salomon Smith Barney (now Citigroup), Hartley Poynton, and the Rivkin Group. In his last role he was employed as a portfolio manager of a boutique investment which traded in Australian and international equities. Mr Croll assumed responsibility for all financial matters pertaining to the Solagran entities.
Interest in shares	Nil
Interest options	Nil
Committees	Nil
Current or former directorships held in other listed entities within the last 3 years	Nil

Mr. Andi Solaiman	Non-Executive Director
Appointed to the Board	27 July 2009
Resigned from the Board	23 September 2015
Experience and expertise	Andi Solaiman (B.Bus, MBA) holds a number of senior positions within the Salim Group. He is a director of AsiaMedic Limited, Interflour Holdings Limited and Universal Integrated Corporation Consumer Products Pty Ltd. He is also the President, Director and Chief Executive Officer of PT Indokemika Jayatama. Mr Solaiman completed the executive program at the University of Pennsylvania – Wharton Business School in 2005. He currently resides in both Singapore and Jakarta where the Salim Group's main administrative offices are located.
Interest in shares	Nil
Interest in options	Nil
Committees	Nil
Current or former directorships held in other listed entities within the last 3 years	Nil

Company Secretary

Mr. Justyn Stedwell	Company Secretary
Date of appointment	9 July 2009
Resigned	22 January 2014
Experience and expertise	Mr Stedwell is a professional Company Secretary with over seven years' experience as a Company Secretary for ASX listed companies within various industries including IT & Telecommunications, Biotechnology and Mining. Mr Stedwell has completed a Bachelor of Business & Commerce (Management & Economics) at Monash University, a Graduate Diploma of Accounting at Deakin University, a Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia, and Graduate Certificate of Applied Finance with Kaplan Professional.
Interest in shares	Nil
Interest in options	Nil

Principal Activity

The principal activity of Solagran Limited is the ongoing research and commercial development of its flagship product Bioeffectives® along with the extension of the consolidated entity's patent portfolio surrounding the methods of extraction and application of Bioeffectives® and its by-products.

Dividends

The Company did not declare or pay any dividends during the financial year. The Directors do not recommend the payment of a dividend in respect of the 2013 financial year.

Significant Changes in State of Affairs

Other than what has already been disclosed, there were no other significant changes in the state of affairs of the Consolidated Entity during, or since the end of, the 2013 reporting period.

The Russian subsidiaries of Solagran have being continuing a process of restructuring the consolidated entity over the past four years. The restructure now has Solagran well positioned for the future with a more simplified and less complex, structure. The holding company Solgran Son owns all of the companies within the Russian group.

During the restructure, the following occurred:

- Due to financial difficulties, inefficiencies, and duplication of functions and tasks, the companies Solagran Son, Sibex, Biotech and Darius went through liquidation procedures;
- For the effective implementation of production activity, a new company, Dana LLC was established to which all assets concentrated in the Tomsk region were transferred;
- For production activity Vyshny Volochyok, a new company Solalife LLC was established, which has acquired the production facility and land which was previously leased by Biotech LLC from ARFEDA LLC;

- Trading and marketing tasks are now concentrated in the company LLC Solagift, a resident of Tomsk's Special Economic Zone;
- For the implementation of management and administration functions, a new company, Business Invest Consulting (BIC) LLC was established;
- Finally, a new company, Solagran Son LLC, was established which is wholly owned by Solagran Limited Australia. Solagran Son LLC manages and controls the entire Russian Group of companies consisting of Solagift, Dana, Solalife and BIC.

Consequently, an integrated structure of the Russian Group fully controlled by Solagran Limited was developed, entirely satisfying its requirements with clear delineation of assigned functions. Management believe the new structure will better fit the needs of Solagran going forward.

During the financial year, debt was obtained in the form of loan and converting notes. The debt is convertible to equity, subject to shareholder approval, at the consolidated entity's next General Meeting of shareholders.

Significant Events after Balance Date

There have not been any matters or circumstances, other than those referred to in note 28 of these financial statements that have arisen since the end of the financial year, which have, or may, significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

Likely Developments and Expected Results

The likely developments in the consolidated entity's operations, to the extent that such matters can be commented upon, are disclosed within the 'Operations Report'.

Operating and Financial Review

The loss of the consolidated entity after income tax for the financial year was ($4,892,800) (2012: $18,439,749). This result has been achieved after fully expensing all research and development costs incurred.

At 30 June 2013, the consolidated entity had cash reserves of $48,613 (2012: $126,495).

The 'Operations Report' provides further detail surrounding the progress made by the consolidated entity during the financial period, which have contributed to its results for the 2013 financial year.

Risk Management

The Board is responsible for overseeing the establishment and implementation of risk management systems, and to review and assess the effectiveness of the consolidated entity's implementation and functionality of those systems on a regular basis.

Environmental Regulation and Performance

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period 1 July 2012 to 30 June 2013, the Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

In Tomsk, SiBEX complies with certain environmental regulations relating to the collection of raw materials under an agreement with local regulatory authorities. To the best of the Director's knowledge, the scientific research activities undertaken by, or on behalf of, the consolidated entity are in full compliance with all prescribed environmental regulations.

Meetings of Directors

During the financial year, 2 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Board Meetings	
Current Directors	**No. eligible to attend**	**No. attended**
Dr Vagif Soultanov	1	1
Mr Alexander Kurganov	1	1
Former Directors	**No. eligible to attend**	**No. attended**
Mr David Croll	1	-
Mr Andi Solaiman	1	-

Indemnification and Insurance of Directors and other Officers

The consolidated entity has indemnified its Directors and Officers for costs incurred, acting in their capacity as a Director or Officer, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the consolidated entity paid a premium in respect of a contract to insure the Directors and Officers of the consolidated entity against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of such a liability, and the amount of the premium paid.

Indemnification and Insurance of Auditors

The consolidated entity has not during, or since the end of the financial year, indemnified, or agreed to indemnify, the consolidated entity's Auditor, or any related entity against a liability incurred by the Auditor.

During the financial year, the consolidated entity did not pay a premium in respect of a contract to insure the Auditor of the consolidated entity or any related entity.

Shares under option

As at the date of this report, Solagran had no unissued ordinary shares under option.

Proceedings on Behalf of the Consolidated Entity

On 24 August 2010, Solagran was joined as a party to proceedings commenced by Gun Capital Management Pty Ltd alleging misrepresentation under the Trade Practices Act. On 21 June 2013, the court ordered that the application and cross claim be dismissed and that the question of costs should be reserved and listed for hearing at a future date.

Subsequently, after both parties attended a failed court directed mediation in July 2014 to agree on costs payable by Gun Capital to Solagran et al, the matter was referred to Court for Taxation and costs were subsequently settled. Upon due consideration by the Board of Solagran it was determined that no contingent liability exists in relation to this matter as at 30 June 2013.

There are no current proceedings on behalf of the consolidated entity pursuant to section 237 of the Corporations Act 2001.

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 of these the financial statements. The Board of Directors has considered its position and is satisfied that the provision of non-audit services during the year was compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

The Directors are satisfied that the provision of non-audit services by the auditor, as set out in note 29, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditor's Independence Declaration

The Auditors Independence Declaration, as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2013, has been received and can be found in the 'Auditor's Independence Declaration' section of this Financial Report.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Solagran support and adhere to good corporate governance practices.

Remuneration Report (Audited)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the consolidated entity as required by the Corporations Act 2001 and its Regulations.

This report details the nature and amount of remuneration of each Director of the consolidated entity and all other Key Management Personnel.

For the purposes of this report, Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of the consolidated entity, directly or indirectly, including any Director (whether Executive or otherwise) of the consolidated entity.

The Directors of the consolidated entity during the year were:

Dr Vagif Soultanov	Executive Chairman	
Mr Alexander Kurganov	Executive Director	
Mr David Croll	Executive Director	*(Resigned: 31 August 2012)*
Mr Andi Solaiman	Non-Executive Director	*(Resigned: 23 September 2015)*

The other Key Management Personnel of the consolidated entity during the year were:

Mr Justyn Stedwell	Company Secretary	*(Resigned: 22 January 2014)*

i. Section A: Principles used to determine the nature and amount of Remuneration

Remuneration Policy

The Remuneration Policy ensures that Directors and Senior Management are appropriately remunerated having regard to their relevant experience, industry norms/standards, and the general pay environment as appropriate. The Remuneration Policy has been established to enable the consolidated entity to attract, motivate, and retain suitably qualified Directors and Senior Management who will create value for shareholders.

The Board reviews the remuneration packages and policies applicable to the Directors and other officers of the consolidated entity on an annual basis. Where necessary the Board obtains independent advice on the appropriateness of remuneration packages. There has been no relationship between the Board's policy for the determination of Key Management Personnel remuneration and the entity's performance in the previous 5 years.

Non-Executive Director Remuneration

Objective

The Non-Executive Directors have not been remunerated during the year.

Structure

The consolidated entity's Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time-to-time at a General Meeting of shareholders. An amount (not exceeding the amount approved at the General Meeting) is determined by the Board and then divided between the Non-Executive Directors as agreed. The latest determination was at the General Meeting held on 13 November 2001 when shareholders approved the aggregate maximum sum to be paid or provided as remuneration to the Directors as a whole (other than the Executive Chairman and Executive Directors) for their services as $300,000 per annum.

In the year ended 30 June 2013, the Non-Executive Directors were remunerated in aggregate $nil per annum, excluding superannuation. The Non-Executive Director agreed not to be remunerated to assist the consolidated entity.

The manner in which the aggregate remuneration is apportioned amongst Non-Executive Directors is reviewed periodically.

The Board is responsible for reviewing its own performance. Board, and Board Committee performance, is monitored on an informal basis throughout the year.

No retirement benefits are payable other than statutory superannuation, if applicable.

Executive Director and Executive Officer Remuneration

Objective

The Remuneration Policy ensures that Executive Directors are appropriately remunerated having regard to their relevant experience, individual performance, the performance of the consolidated entity, industry norms/standards and the general pay environment as appropriate.

Structure

The performance of the Executive Chairman and Senior Executives are monitored on an informal basis throughout the year and a formal evaluation is performed annually.

Fixed Remuneration

Executives' fixed remuneration comprises of salary and superannuation and is reviewed annually by the Executive Chairman, and in turn, the Board. This review takes into account the Executives' experience and performance in achieving agreed objectives and market factors as appropriate.

Variable Remuneration – Short-Term Incentive Scheme

All Executives are entitled to participate in the Employee Short-Term Incentive Scheme which provides for annual cash bonuses for outstanding performance in the achievement of key corporate and individual objectives. The Board approves the issuance of cash bonuses following the recommendations of the Executive Chairman in his review of the performance of the Executives and the consolidated entity as a whole.

Variable Remuneration – Long-Term Incentive Scheme

Executives may also be provided with longer-term incentives through the consolidated entity's Employee Option Plan, to allow the Executives to participate in, and benefit from, the growth of the consolidated entity as a result of their efforts, and to assist in motivating and retaining key employees over the long-term. Continued service is the condition attached to the vesting of the options. The Board at its discretion determines the total number of options granted to each Executive. There were no options granted under the Long-Term Incentive Scheme during the 2013 financial year.

ii. Section B: Details of Remuneration

Details of Remuneration for the year ended 30 June 2013

The remuneration for each Director and each of the other Key Management Personnel of the consolidated entity during the year ended 30 June 2013 was as follows:

30 June 2013	Position Held	Short-term Employee Benefits		Long-term benefits	Post-Employment Benefits	Share Based Payments	Total
		Salary and Fees $	Other $	Long Service Leave $	Pension and Super Contribution $	$	$
DIRECTORS							
Vagif Soultanov	Executive Chairman	-	-	-	-	-	**-**
Mr Alexander Kurganov	Executive Director	57,160	-	-	8,078	-	**65,238**
Mr David Croll*	Executive Director	35,975	-	-	3,238	-	**39,213**
Mr Andi Solaiman**	Non-Executive Director	-	-	-	-	-	**-**
	Total	**93,135**	**-**	**-**	**11,316**	**-**	**104,451**
KEY MANAGEMENT PERSONNEL							
Justyn Stedwell	Company Secretary	12,320	9,590	-	1,109	-	**23,019**
	Total	**12,320**	**9,590**	**-**	**1,109**	**-**	**23,019**

Details of Remuneration for the year ended 30 June 2012

The remuneration for each Director and each of the other Key Management Personnel of the consolidated entity during the year ended 30 June 2012 was as follows:

30 June 2012	Position Held	Short-term Employee Benefits		Long-term benefits	Post-Employment Benefits	Share Based Payments	Total
		Salary and Fees $	Other $	Long Service Leave $	Pension and Super Contribution $	$	$
DIRECTORS							
Vagif Soultanov	Executive Chairman	-	-	-	-	-	**-**
Mr Alexander Kurganov	Executive Director	75,495	-	-	7,227	-	**82,722**
Mr David Croll*	Executive Director	171,000	-	-	15,390	-	**186,390**
Mr Andi Solaiman**	Non-Executive Director	-	-	-	-	-	**-**
	Total	**246,495**	**-**	**-**	**22,617**	**-**	**269,112**
KEY MANAGEMENT PERSONNEL							
Justyn Stedwell	Company Secretary	33,250	-	-	2,993	-	**36,243**
	Total	**33,250**	**-**	**-**	**2,993**	**-**	**36,243**

*Mr Croll was appointed to the Board of Solagran Limited on 28 July 2010. Prior to joining the board he was Solagran's Chief Financial Officer. His total remuneration for 2011/12 is detailed above.

**Mr Andi Solaiman resigned from the Board of Solagran Limited on 23 September 2015.

None of the remuneration in the above table is performance based or consists of options.

iii. Section C: Equity Holdings

a) Shareholdings

The number of shares in the consolidated entity held during the financial year by each Director and other Key Management Personnel of the consolidated entity, including their personal related parties, are set out below.

No shares were granted to Directors and Key Management Personnel during the period as compensation.

30 June 2013	Balance at start of the year	Granted as Compensation	Options or Rights Exercised	Net Change Other	Balance at end of the year	Balance held nominally at the end of the reporting period
Directors						
Vagif Soultanov	7,736,425	-	-	-	7,736,425	4,921,034
Alexander Kurganov*	4,500,000	-	-	-	4,500,000	4,500,000
Total	**12,236,425**	**-**	**-**	**-**	**12,236,425**	**9,421,034**

* Mr Alexander Kurganov retains a beneficial ownership of the shares issued as consideration for the acquisition of SibEX LLC.

No other Key Management Personnel hold shares or options.

iv. Section D: Employment Contracts of Key Management Personnel

Service agreements in place between the consolidated entity and any of its Directors or other Key Management Personnel are confirmed by management and consulting fees and salaries are approved at board level. Consulting fees and salaries agreements have been confirmed by management. In order to protect the consolidated entity's viability all staff, Executive and non-executive, agreed to an average of 20% salary reduction. Further, all staff have agreed to invest 40% of their salary in this period, into consolidated entity equity.

v. Section E: Additional Information

(a) Director's Fees

During the financial years ended 30 June 2013 and 2012, no Directors fees were paid to any of the Directors as part of their remuneration.

(b) Equity issued as part of remuneration for the year ended 30 June 2012

During the financial years ended 30 June 2013 and 2012, no options were granted or exercised by any of the Directors or other Key Management Personnel.

(c) Loans to Directors and Other Key Management Personnel

There were no loans made to Directors or other Key Management Personnel of the consolidated entity, including their personal related parties.

(d) Other transactions with Other Key Management Personnel

Transactions between Key Management Personnel are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties are as follows:

The consolidated entity's Executive Chairman, Dr Vagif Soultanov, is also a director and shareholder of Eastok Pty Ltd, which provided administration services and office facilities to the consolidated entity during the financial year.

Administration Services	2013 $	2012 $
Payment for rental of storage space, office facilities and for staffing services provided by Eastok Pty Ltd	55,409	36,255
Expenses incurred relative to Research and Development	34,857	68,180
Total	**90,266**	**104,435**

This report is made in accordance with a resolution of Directors.

Dr Vagif Soultanov
Executive Chairman

Dated: This, the 14th Day of December 2015.

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Auditor's Independence Declaration
To the Directors of Solagran Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Solagran Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 14 December 2015

Solagran Limited

Annual Financial Statements

For the year ended 30 June 2013

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	Note	Consolidated Entity 2013 $	2012 $
Revenue	2	1,610,255	1,813,155
Other income	2	730,650	338,174
Changes in inventory of finished goods and WIP		(151,909)	(93,243)
Raw Materials and consumables used		(1,774,650)	(2,411,618)
Depreciation expenses		(352,739)	(869,682)
Corporate administration expenses	3	(1,308,774)	(3,222,377)
Employee expenses		(1,421,526)	(2,445,349)
Impairment expenses	3	(988,058)	(9,692,393)
Research and development expenses		(250,897)	(515,232)
Finance expenses		(666,292)	(586,852)
Unrealised foreign exchange (gain)/ loss		(38,796)	(137,776)
Other expenses		(280,064)	(181,403)
Loss Before Income Tax		**(4,892,800)**	**(18,004,596)**
Income tax benefit/(expense)	4	-	(435,153)
Loss for the Year		**(4,892,800)**	**(18,439,749)**
Other Comprehensive Income/(Loss) for the Year:			
Unrealised (gain)/loss on investment		-	-
Foreign currency translation differences		1,142,750	(473,171)
Total Comprehensive Income/(Loss) for the Year		**(3,750,050)**	**(18,912,920)**

	Note	2013 Cents	2012 Cents
Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the consolidated entity:			
Basic earnings/(loss) per share	5	(1.42)	(5.37)
Diluted earnings/(loss) per share	5	(1.42)	(5.37)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2013

	Note	Consolidated Entity 2013 $	2012 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	48,613	126,495
Trade and other receivables	7	276,143	209,734
Inventories	8	7,287,641	7,439,549
Other assets		96,316	46,392
Total Current Assets		**7,708,713**	**7,822,170**
Non-Current Assets			
Available-for-sale financial assets	9	9,839	16,402
Property, plant and equipment	11	6,748,781	6,130,211
Other assets		8,046	4,331
Total Non-Current Assets		**6,766,666**	**6,150,944**
TOTAL ASSETS		**14,475,379**	**13,973,114**
LIABILITIES			
Current Liabilities			
Trade and other payables	13	3,390,753	1,553,996
Interest-bearing liabilities	14	14,746,969	9,685,302
Other borrowings	15	239,152	2,843,620
Provisions	17	129,907	112,951
Total Current Liabilities		**18,506,781**	**14,195,869**
Non-Current Liabilities			
Provisions	17	85,540	144,137
Total Non-Current Liabilities		**85,540**	**144,137**
TOTAL LIABILITIES		**18,592,321**	**14,340,006**
NET ASSETS		**(4,116,942)**	**(366,892)**
EQUITY			
Contributed equity	18	79,393,130	79,393,130
Reserves	19	3,573,591	2,430,841
Accumulated losses		(87,083,663)	(82,190,863)
TOTAL EQUITY		**(4,116,942)**	**(366,892)**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity *(continued…)*

For the year ended 30 June 2013

Consolidated Entity	Contributed Equity $	Acquisition of NCI Reserve $	Share-Based Payment Reserve $	Foreign Currency Translation Reserve $	Non-Controlling Interest $	Accumulated Losses $	Total Equity $
As at 30 June 2011	**79,393,130**	**(877,460)**	**3,099,219**	**682,253**	**-**	**(63,751,114)**	**18,546,028**
Loss for the Year	-	-	-	-	-	(18,439,749)	**(18,439,749)**
Other Comprehensive Income / (Loss):							
Foreign currency translation reserve difference	-	-	-	(473,171)	-	-	**(473,171)**
Total Comprehensive Income/(Loss) for the Year	**-**	**-**	**-**	**(473,171)**	**-**	**(18,439,749)**	**(18,912,920)**
Transactions with Owners in their Capacity as Owners:							
Contributions of equity net of transaction costs	-	-	-		-	-	**-**
Transactions with non-controlling interests	-	-	-		-	-	**-**
As at 30 June 2012	**79,393,130**	**(877,460)**	**3,099,219**	**209,082**	**-**	**(82,190,863)**	**(366,892)**
Loss for the Year	-	-	-	-	-	(4,892,800)	**(4,892,800)**
Other Comprehensive Income / (Loss):							
Foreign currency translation reserve difference	-	-	-	1,142,750	-	-	**1,142,750**
Total Comprehensive Income/(Loss) for the Year	**-**	**-**	**-**	**1,142,750**	**-**	**(4,892,800)**	**(3,750,050)**
Transactions with Owners in their Capacity as Owners:							
Contributions of equity net of transaction costs	-	-	-	-	-	-	**-**
Transactions with non-controlling interests	-	-	-	-	-	-	**-**
As at 30 June 2013	**79,393,130**	**(877,460)**	**3,099,219**	**1,351,832**	**-**	**(87,083,663)**	**(4,116,942)**

The accompanying notes form part of these financial statements.

Cash Flow Statement

For the year ended 30 June 2013

	Notes	Consolidated Entity 2013 $	2012 $
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
Cash receipts from customers		1,112,061	2,970,732
Payments to suppliers and employees		(3,972,055)	(10,557,638)
Research and development tax rebate		273,532	210,034
Interest received		119,125	121,823
Interest paid		(201,292)	(101,121)
NET OPERATING CASH FLOWS	**20**	**(2,668,629)**	**(7,356,170)**
CASH FLOWS RELATED TO INVESTING ACTIVITIES			
Payment for purchases of property, plant and equipment		(1,128,653)	(139,502)
NET INVESTING CASH FLOWS		**(1,128,653)**	**(139,502)**
CASH FLOWS RELATED TO FINANCING ACTIVITIES			
Proceeds from borrowings		3,737,780	5,195,462
NET FINANCING CASH FLOWS		**3,737,780**	**5,195,462**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(59,502)**	**(2,300,210)**
Cash and cash equivalents at the beginning of the year	6	126,495	2,499,880
Effects of exchange rate changes on cash and cash equivalents		(18,380)	(73,175)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**6**	**48,613**	**126,495**

The accompanying notes form part of these financial statements.

Note 1. Statement of Significant Accounting Policies

Corporate Information

Solagran Limited is a company limited by shares incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX).

The financial report was authorised for issue in accordance with a resolution of the Directors on 14 December 2015.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements are for the consolidated entity consisting of Solagran Limited and its subsidiaries.

Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and *Corporations Act 2001*.

i. Compliance with IFRS

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

ii. Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of available for sale financial assets.

iii. Critical accounting estimates and significant judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the consolidated entity's accounting policies.

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities if they were to significantly change within the next financial year are discussed below.

iv. Non capitalisation of clinical trial research and development costs

Due to the high element of risk and uncertainty associated with the development of pharmaceutical products the consolidated entity elects to expense all ongoing patent costs and all research and development costs. This is consistent with other companies in the Biotech sector in the same stage of development as the Solagran Group.

v. Valuation of inventories

The consolidated entity values inventories at the lower of cost or net realisable value. Following an assessment of inventory carrying values at 30 June 2013, Solagran determined that $218,079 should be written-off as obsolete in the accounts.

vi. Recoverability of loan to Russian distributor

Solagran previously advanced funds to its distributor in Russia, Biopher, to assist with developing the market for Ropren and other Solagran products. Biopher experienced significant financial hardship during the period and is currently being liquidated. Solagran's management has provided for a further debt owing ($769,979) in the 2013 accounts.

vii. Useful lives and residual values of depreciable assets

Management has applied judgement in estimating the useful lives and residual values of depreciable assets based on the expected utility of the assets.

viii. Impairment testing of indefinite life intangible assets and goodwill

The consolidated entity tests annually whether intangible assets with an indefinite useful life have suffered any impairment in accordance with the accounting policy stated in note 1(f). The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of assumptions. Details of the assumptions used can be found in note 12.

The recoverability of the amount of goodwill and indefinite life of intangible assets is based upon Solagran Limited and its controlled entities being able to continue as a going concern, by the way of raising further capital in order to meet expenditure commitments to be able to successfully exploit the consolidated entity’s product and technologies in excess of the carrying value of goodwill and other intangibles.

The recoverable amount of investments held by the parent entities is based on the net asset value in conjunction with terminal value calculations.

ix. Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the consolidated entity’s future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Going Concern

For the year ended 30 June 2013, the consolidated entity incurred an operating loss of ($4,892,800) (2012: $18,439,749) as it continued to further invest in drug development, new product development, capital outlay and corporate initiatives. As at year end, the consolidated entity's net assets stood at ($4,116,942) (2012: ($366,892) with available cash of $48,613 (2012: $126,495). For the year ended 30 June 2013, the consolidated group had net cash outflows from operating activities totalling ($2,668,629) (2012: $7,356,170).

The consolidated entity has issued multiple “Loan and Converting Note” agreements since it suspended trading on the ASX. These arrangements to fund the consolidated entity were cash loans to Solagran, or recognition for in kind contribution. The cash value is to convert to equity after approval by shareholders; upon conversion no interest is either payable or added to the loan principal. Funds were used for working capital, capital upgrades and investment in intellectual property (patent lodging, maintenance and research).

The total amount of all such “Loan and Converting Note” agreements is $17,445,500 at December 2015. All holders of such “Loan and Converting Note” agreements have signed further documentation providing the necessary notice to convert the loan to equity at 3c per share for the issue of 581,516,667 ordinary shares after Solagran obtains the necessary shareholder approval. The consolidated entity aims to hold a general meeting of the shareholders to obtain such approval, amongst other matters, as soon as practicable after the filing of the consolidated entity’s accounts.

The financial report has been prepared on a going concern basis on the assumption that sufficient funding will be available through loans from existing shareholders and/or further capital placements. The consolidated entity is seeking to minimise the funds required through loans and/or capital placements by focusing on maximising revenue from existing research and products, through improved marketing, increased customer access, new product registrations in new territories and new product development. Additionally the consolidated entity recently invested approximately $610,000 on capital outlay in the consolidated entity production facilities in Russia, with additional capital upgrades planned. Such upgrades are to meet the growth in demand from key customers in Russia, demand which currently exceeds our production capacity.

The directors have a history of successfully raising capital and are confident one of the above funding sources will result in an injection of cash. Accordingly, the Directors believe that the value of the consolidated entity's existing net assets will generate sufficient funds for the consolidated entity to continue to operate in its normal manner.

In common with other biotechnology and drug development companies, the consolidated entity's operations are subject to considerable risks and uncertainty due primarily to the nature of the development and commercialisation undertaken. To allow the consolidated entity to execute its near term and longer term plans, it will be necessary to raise additional capital or secure funding through commercial transactions in the future. Accordingly, there remains uncertainty concerning the consolidated entity's ability to continue as a going concern for a further 12 months as defined in current accounting standards.

Based on the reduced cash flow requirements of the consolidated entity, the Directors consider that the consolidated entity is likely to have sufficient available funds to support operations and will manage the availability of resources over the immediate term.

Should the consolidated entity be unsuccessful in its funding activities noted above, significant uncertainty as to whether the consolidated entity will be able to continue as a going concern would exist and therefore, whether it will be able to realise its assets, specifically property plant and equipment and inventory balances, and settle its liabilities and commitments in the normal course of business.

New Accounting Standards and Interpretations

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and therefore have not been adopted by the consolidated entity for the annual reporting period ended 30 June 2013:

New / Revised Pronouncement	Superseded Pronouncement	Nature of Change	Application Date of Standard	Impact on Financial Report
AASB 9 Financial Instruments (December 2014) & AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments) & AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) & AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)	AASB 139 Financial Instruments: Recognition and Measurement	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: a) Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows. b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • the change attributable to changes in credit risk are presented in Other Comprehensive Income ('OCI') • the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: • classification and measurement of financial liabilities; and • derecognition requirements for financial assets and liabilities.	1 January 2018	The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

New / Revised Pronouncement	Superseded Pronouncement	Nature of Change	Application Date of Standard	Impact on Financial Report
		AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting		
AASB 10 Consolidated Financial Statements	AASB 127 AASB Int 112	AASB 10 establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements and AASB Interpretation 112 Consolidation – Special Purpose Entities. The revised control model broadens the situations when an entity is considered to be controlled by another entity and includes additional guidance for applying the model to specific situations, including when acting as an agent may give control, the impact of potential voting rights and when holding less than a majority voting rights may give 'de facto' control. This is likely to lead to more entities being consolidated into the group.	1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on the transactions and balances recognised in the financial statements.
AASB 12 Disclosure of Interests in Other Entities	AASB 127 (in part) AASB 128 (in part) AASB 131 (in part)	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures introduced by AASB 12 include disclosures about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.

New / Revised Pronouncement	Superseded Pronouncement	Nature of Change	Application Date of Standard	Impact on Financial Report
AASB 15 Revenue from Contracts with Customers	AASB 118 Revenue AASB 111 Construction Contracts Int. 113 Customer Loyalty Programmes Int. 115 Agreements for the Construction of Real Estate Int. 118 Transfer of Assets from Customers	AASB 15: replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: – establishes a new revenue recognition model – changes the basis for deciding whether revenue is to be recognised over time or at a point in time – provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing) – expands and improves disclosures about revenue In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED is open for comment until 14 August 2015.	1 January 2017 (however note that both the IASB & AASB have recently issued Exposure Drafts, proposing to defer the effective date to 1 January 2018)	The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.
AASB 127 Separate Financial Statements	AASB 127 Consolidated and Separate Financial Statements	As a consequence of issuing AASB 10, AASB 11 and AASB 12, revised versions of AASB 127 and AASB 128 have also been issued. AASB 127 now only deals with separate financial statements.	1 January 2013	When these revised standards are adopted for the first time for the financial year ending 30 June 2014, there will be no impact on the financial statements because they introduce no new requirements.
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	None	The amendments to AASB 116 prohibit the use of a revenue based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment. The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e., a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances: i The intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or ii When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.	1 January 2016	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

New / Revised Pronouncement	Superseded Pronouncement	Nature of Change	Application Date of Standard	Impact on Financial Report
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	None	AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15.	1 January 2017	Refer to the section on AASB 15 above.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	None	AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9.	1 January 2018	Refer to the section on AASB 9 above.
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	None	The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.	1 January 2016	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	None	These amendments arise from the issuance of Annual Improvements to IFRSs 2012-2014 Cycle in September 2014 by the IASB. Among other improvements, the amendments clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of AASB 5 Non-current Assets Held for Sale and Discontinued Operations does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of AASB 5.	1 January 2016	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

New / Revised Pronouncement	Superseded Pronouncement	Nature of Change	Application Date of Standard	Impact on Financial Report
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	None	The amendments: • clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information • clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated • add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position • clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order • remove potentially unhelpful guidance in IAS 1 for identifying a significant accounting policy.	1 January 2016	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	None	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	When this Standard is first adopted for the year ending 30 June 2016, there will be no impact on the financial statements.
AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	None	The narrow-scope amendments to AASB 10 Consolidated Financial Statements, AASB 12 Disclosure of Interests in Other Entities and AASB 128 Investments in Associates and Joint Ventures introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.	1 January 2016	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

New / Revised Pronouncement	Superseded Pronouncement	Nature of Change	Application Date of Standard	Impact on Financial Report
AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs	None	AASB 2015-9 inserts scope paragraphs into AASB 8 Operating Segments and AASB 133 Earnings per Share in place of application paragraph text in AASB 1057. In July and August 2015, the AASB reissued AASB 8, AASB 133 and most of the Australian Accounting Standards that incorporate IFRSs to make editorial changes. The application paragraphs in the previous versions of AASB 8 and AASB 133 covered scope paragraphs that appear separately in the corresponding IFRS 8 and IAS 33. In moving those application paragraphs to AASB 1057 when AASB 8 and AASB 133 were reissued in August, the AASB inadvertently deleted the scope details from AASB 8 and AASB 133. This amending Standard puts the scope details into those Standards, and removes the related text from AASB 1057. There is no change to the requirements or the applicability of AASB 8 and AASB 133.	1 January 2016	When this Standard is first adopted for the year ending 30 June 2017, there will be no impact on the financial statements

Accounting Policies

a) Principles of consolidation

i. Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all the subsidiaries of Solagran Limited ("company or parent entity") as at 30 June 2012 and the results of all subsidiaries for the year then ended. Solagran Limited and its subsidiaries together are referred to in these financial statements as the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholder of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the financial information of Solagran Limited.

ii. Changes in ownership interests

The consolidated entity treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the consolidated entity. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustments to non-controlling interests and any consideration paid or received is recognised in a separate reserve with equity attributable to owners of Solagran Limited.

When the consolidated entity ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the consolidated entity had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

b) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right of offset and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

i) Tax consolidation legislation

Solagran Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Solagran Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand- alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Solagran Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidation group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the consolidated group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

c) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the profit or loss.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

d) Impairment of assets

At each reporting date the consolidated entity assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, the recoverable amount is determined and an impairment loss is recognised in profit or loss.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

e) Property, Plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment: 5 years	Motor Vehicles: 5 years
Land: Not depreciated	Buildings: 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

f) Intangible assets

i. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the consolidated entity's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the consolidated entity's investment in each country of operation by each primary reporting segment. Impairment losses on goodwill are not reversed.

ii. Patents and trademarks

Patents and trademarks have an indefinite useful life and are carried at cost less any impairment losses. The carrying value of patents and trademarks is assessed using methods such as discounted future cash flow of the estimated revenue expected to be generated from the assets. Patents and trademarks are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired.

g) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

h) Employee benefits

i. Wages and salaries, annual leave and sick leave

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

ii. Long service leave

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

iii. Share-based payments

Under AASB 2 Share Based Payments, the consolidated entity must recognise the fair value of shares granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in profit or loss with a corresponding adjustment to equity.

The consolidated entity provides benefits to employees (including directors) of the consolidated entity in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using the Black Scholes model.

i) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

j) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in profit and loss in other expenses.

k) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised for the major business activities as follows:

i. Sale of Goods

Revenue from the sales is recognised when significant risk and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to the buyer when goods have been delivered to the customer.

ii. Interest Income

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

iii. Licensing fees

Licensing fees are recognised on an accrual basis in accordance with the substance of the agreement. Shares received in other corporations as part of a licensing agreement are recognised as revenue at the fair value of shares received.

l) Earnings per share

i. Basic earnings per share

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

ii. Diluted earnings per share

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

m) Inventories

i. Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are seated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

n) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

o) Contributed Equity

Ordinary shares are classified as equity. Contributing shares are partly paid with calls of capital being made at the discretion of the consolidated entity. Where calls are not paid, these shares will be forfeited by the holder. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business is included as part of the purchase consideration.

p) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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

q) Investments and other financial assets

The consolidated entity recognises financial assets when it becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables
- Financial assets at Fair Value Through Profit or Loss ('FVTPL')
- Held-To-Maturity ('HTM') investments; or
- Available-For-Sale ('AFS') financial assets

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet. Subsequent to initial recognition loans and receivables are carried at amortised cost using the effective interest method.

ii. Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

The equity securities are measured at fair value through profit and loss.

iii. Impairment

The consolidated entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity and recognised in profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

If there is evidence of impairment for any of the consolidated entity's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

r) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the consolidated entity is the current bid price. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

s) Borrowings

All loans and borrowings are initially recognised at fair value, net of transactions costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans and borrowings using the effective interest method. Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

t) Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

u) Foreign currency

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in AUD, which is Solagran Limited's functional and presentation currency.

ii. Transactions and balances

Transactions in foreign currency are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to Australian Dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

iii. Financial statements of foreign operations

The functional currency of the Russian subsidiaries is the Russian Rouble. The assets and liabilities of foreign operations are translated to Australian Dollars at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to Australian Dollars at rates approximating to the foreign rates of exchange ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in the foreign currency translation reserve.

Note 2. Revenue and other income

	2013 $	2012 $
Revenue		
Sale of goods	1,610,255	1,813,155
Total Revenue	**1,610,255**	**1,813,155**
Other Income		
Interest	119,125	121,823
Research and development tax rebate	273,532	210,034
Other income	337,993	6,317
Total Other Income	**730,650**	**338,174**

Note 3. Expenses

	2013 $	2012 $
Loss before income tax includes the following:		
Impairment Expenses		
Impairment of Goodwill	-	3,062,694
Impairment of Inventories to net realisable value	218,079	40,113
Impairment of Intangibles	-	5,777,470
Impairment of Receivables	769,979	812,116
Total Impairment Expenses	**988,058**	**9,692,393**
Corporate Administration Expenses		
Audit and accounting fees	126,189	198,388
Legal fees	167,896	273,306
Business development	36,597	85,610
Occupancy expenses	822,080	1,065,782
Consulting expenses	10,651	60,897
Maintenance expenses	4,993	847,433
Marketing and promotion expenses	73,512	505,125
Travel and entertainment expenses	63,731	143,804
Commercialisation expenses	3,125	42,032
Total Corporate Administration Expenses	**1,308,774**	**3,222,377**

Note 4. Income Tax

		2013 $	2012 $
(a)	**The components of tax benefit comprise:**		
	Current tax	-	-
	Deferred tax	-	435,153
	Income tax expense/(benefit)	**-**	**435,153**
(b)	**The prima facie tax on profit/(loss) from ordinary activities before tax at 30% Australia/ 20% Russia (2011: 30%: 20%) is as follows:**	**(1,210,887)**	**(4,763,806)**
	Add tax effect of:		
	Non-deductible expenses	229,220	2,907,718
	Less tax effect of:		
	Research and development tax concession	317,872	674,207
	Non-assessable grant income	(83,491)	-
	Timing differences and tax losses not brought to account	747,286	1,181,881
	Derecognition of tax losses and timing differences previously recognised	-	435,153
	Income tax (benefit) attributable to the Consolidated entity	**-**	**435,153**
(c)	**Temporary timing differences and tax losses (tax effected) not brought to account**	**7,588,055**	**6,480,769**
	Net Deferred Tax Asset / (Liability) not recognised	**7,588,055**	**6,480,769**

Tax Losses

Solagran Limited has unconfirmed, un-recouped tax losses in Australia which have not been brought to account. The ability to be able to recognise a deferred tax asset in respect of these tax losses will be dependent upon the probability that future taxable profit will be available against which the unused tax losses can be utilised and the conditions for deductibility imposed by Australian tax authorities will be complied with.

Note 5. Loss per Share

	2013	2012
Basic earnings/(losses) per share (cents)	(1.42)	(5.37)
Diluted earnings/(losses) per share (cents)	(1.42)	(5.37)
a) Net profit/(losses) used in the calculation of basic and diluted earnings/(losses) per share	(4,892,800)	(18,439,749)
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings/(losses) per share	343,510,161	343,510,161
c) Adjustments for calculation of diluted earnings/(losses) per share: - Options over ordinary shares	Nil	Nil

		2013	2012
d)	Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted earnings/(losses) per share	Nil	Nil

There have been no other conversions to, call of, or subscriptions for ordinary shares, or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

Note 6. Cash and Cash Equivalents

	2013 $	2012 $
Cash at bank and on hand	33,023	111,610
Deposits at call	15,590	14,885
Total Cash and Cash Equivalents	**48,613**	**126,495**

The interest rate on cash at bank at 30 June 2013 was 2.75 % p.a. (2012: 3.50 % p.a.).

Note 7. Trade and Other Receivables

	2013 $	2012 $
Current		
Trade receivables	893,582	844,650
Other receivables	2,005,328	1,290,116
Less: allowance for doubtful debts	(2,622,767)	(1,925,032)
Total Trade and Other Receivables	**276,143**	**209,734**

Age analysis of trade receivables that are past due but not impaired at the end of the reporting period

Consolidated	2013 Total $	2013 Amount Impaired $	2013 Amount not impaired $	2012 Total $	2012 Amount Impaired $	2012 Amount not impaired $
Not past due	276,143	-	276,143	209,734	-	209,734
Past due	2,622,767	(2,622,767)	-	1,925,032	(1,925,032)	-
Total	**2,898,910**	**(2,622,767)**	**276,143**	**2,134,766**	**(1,925,032)**	**209,734**

None of the trade receivables have a formal credit rating as determined by a ratings agency.

The impairment allowance relates to amounts advanced to our distributor in Russia in the current and prior periods. Although management have every confidence that the amount will be recovered, it was decided to take a conservative approach and provide for the entire balance owing at 30 June 2013.

For risk analysis of these receivables, refer to note 22.

Note 8. Inventories

	2013 $	2012 $
Raw materials	823,891	1,017,090
Work in progress	24,461	22,772
Finished goods – at cost	6,439,289	6,399,687
Total Inventories	**7,287,641**	**7,439,549**

Write-down of inventories to net realisable value during the year amounted to $218,079 (2012: $40,113).

Note 9. Available For Sale Financial Assets

	2013 $	2012 $
Non-Current		
- *Listed securities*		
Equity securities held – BioProspect Limited	9,839	16,402
Total Available For Sale Financial Assets	**9,839**	**16,402**

Reconciliation of BioProspect Limited held	2013 $	2012 $
Opening Balance	**16,402**	**78,712**
Disposal of 45,000,000 shares following settlement with BioProspect Limited	-	-
Gain/(loss) on investment taken to Income Statement	(6,563)	(62,310)
Closing Balance	**9,839**	**16,402**

Note 10. Financial Assets and Liabilities

	Notes	Assets at FVTPL $	Financial assets at amortised cost $	Available for sale $	Total $
30 June 2013					
Financial assets					
Current trade and other receivables	7	-	276,143	-	**276,143**
Cash and cash equivalents	6	-	48,613	-	**48,613**
Listed securities	9	-	-	9,839	**9,839**
		-	**324,756**	**9,839**	**334,595**

	Notes	Other liabilities at FVTPL $	Other liabilities at amortised cost $	Total $
30 June 2013				
Financial liabilities				
Current trade and other payables	13	-	3,390,753	**3,390,753**
Interest bearing liabilities	14	-	14,746,969	**14,746,969**
Other borrowings	15	-	239,152	**239,152**
		-	**18,376,874**	**18,376,874**

	Notes	Assets at FVTPL $	Financial assets at amortised cost $	Available for sale $	Total $
30 June 2012					
Financial assets					
Current trade and other receivables	7	-	209,734	-	**209,734**
Cash and cash equivalents	6	-	126,495	-	**126,495**
Listed securities	9	-	-	16,402	**16,402**
		-	**336,229**	**16,402**	**352,631**

	Notes	Other liabilities at FVTPL	Other liabilities at amortised cost	Total
		$	$	$
30 June 2012				
Financial liabilities				
Current trade and other payables	13	-	1,553,996	**1,553,996**
Interest bearing liabilities	14	-	9,685,302	**9,685,302**
Other borrowings	15	-	2,843,620	**2,843,620**
		-	**14,082,918**	**14,082,918**

Note 11. Property, Plant and Equipment

	2013	2012
	$	$
Land and Buildings		
Land and Building at cost	147,500	147,500
Leasehold Improvements at cost	25,961	25,961
Less Accumulated Amortisation	(33,205)	(19,741)
Net Book Value	**140,256**	**153,720**
Motor Vehicles		
Motor Vehicles at cost	402,937	389,421
Less Accumulated Depreciation	(324,195)	(238,969)
Net Book Value	**78,742**	**150,453**
Plant and Equipment		
Plant and Equipment at cost	8,599,469	8,016,692
Less Accumulated Depreciation	(2,069,686)	(2,190,653)
Net Book Value	**6,529,783**	**5,826,039**
Total Property, Plant & Equipment	**6,748,781**	**6,130,211**

Reconciliation	Land, Buildings and Leasehold Improvements $	Motor Vehicles $	Plant and Equipment $	Total $
Balance as at 1 July 2011	**159,940**	**121,419**	**6,974,805**	**7,256,164**
Additions	-	139,502	-	139,502
Disposal	-	-	(395,773)	(395,773)
Depreciation expense	(6,220)	(110,469)	(752,993)	(869,682)
Balance as at 30 June 2012	**153,720**	**150,452**	**5,826,039**	**6,130,211**
Additions	-	13,516	1,115,137	1,128,653
Disposal	-	-	(158,044)	(158,044)
Depreciation expense	(13,464)	(85,226)	(253,349)	(352,039)
Balance as at 30 June 2013	**140,256**	**78,742**	**6,529,783**	**6,748,781**

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

Note 12. Intangibles

	2013 $	2012 $
Goodwill		
At cost	3,062,694	3,062,694
Accumulated amortisation and impairment	(3,062,694)	(3,062,694)
Total Goodwill	**-**	**-**
Patents and Trademarks		
At cost	7,777,470	7,777,470
Accumulated amortisation and impairment	(7,777,470)	(7,777,470)
Total Patents and Trademarks	**-**	**-**
Total Intangible Assets	**-**	**-**

(a) Key assumptions for the recognition of Intangible Assets

During the prior year, Management conducted an assessment over the value of intangible assets in accordance with AASB 138 and determined that the economic benefits generated by the intellectual property did not coincide with the value recognised as an asset in the Financial Statements. As such Management impaired the total value of the intellectual property.

Note 13. Trade and Other Payables

	2013 $	2012 $
Current		
Trade payables	1,777,440	994,256
Other payables	1,375,313	559,740
Deferred revenue	238,000	-
Total Trade and Other Payables	**3,390,753**	**1,553,996**

Note 14. Interest-Bearing Liabilities

	2013 $	2012 $
Current		
Secured		
Bank Loan Facility - Russia	1,386,811	1,070,144
Unsecured		
Loan advance - Convertible Notes	13,360,158	8,615,158
Total Interest-Bearing Liabilities	**14,746,969**	**9,685,302**

Bank Overdraft Facility

A line of credit facility was renegotiated in 2013 with the Promregionbank LLC in Tomsk Siberia to Dana LLC. The credit facility attracts a variable interest rate of 16% per annum. The loan is secured by the assets, in particular the property, plant and equipment that reside within Dana LLC and a personal guarantee by Vladmir Chernenko.

Convertible Notes

The consolidated entity has issued multiple "Loan and Converting Note" agreements since it suspended from trading on the Australia Securities Exchange (ASX). These arrangements to fund the consolidated entity were cash loans. The cash value is to convert to equity, subject *to* receipt of shareholder approval, with interest to be either payable or added to a portion of the loan principal upon conversion.

Proceeds received were used to fund working capital, capital upgrades, and investment in Intellectual Property (patent lodging, maintenance and research). The total amount of all such "Loan and Converting Note" agreements is $12,380,000 at 30 June 2013. After year end, all holders of such "Loan and Converting Note" agreements have executed documentation providing the necessary notice to convert the loan to equity at 3c per share for the issue of 412,666,667 fully paid ordinary shares after the necessary shareholder approval is obtained.

The consolidated entity aims to hold a general meeting of its shareholders to obtain approval for the Loan and Converting Note conversions, amongst other matters, as soon as practicable after the filing of the consolidated entity's accounts.

Note 15. Other Borrowings

	2013 $	2012 $
Current		
Unsecured Loan – Eastok Pty Ltd	16,919	-
Unsecured Loan – Solamind Pty Ltd	222,233	2,843,620
Total Other Borrowings	**239,152**	**2,843,620**

The unsecured loan is owing to Vagif Soultanov and his related entities including Solamind Pty Ltd. The loan is interest free and repayable upon demand.

During the year, Vagif Soultanov and his related entities provided additional financing, of which $3 million has been converted to "Convertible Notes".

Note 16. Deferred Tax Assets/(Liabilities)

	2013 $	2012 $
Deferred Tax Assets	-	-
Deferred Tax Liability	-	-
Total Deferred Tax Assets/(Liabilities)	**-**	**-**

A deferred tax asset (DTA) that has arisen from unused tax losses must be recognised to the extent that it is probable that taxable profit will be available against which the tax losses can be utilised. Due to the continued performance of the consolidated entity, Management have determined that is not probable that the DTA from tax losses will be utilised in the near future and thus no DTA has been raised at 30 June 2013.

Note 17. Provisions

	2013 $	2012 $
Current employee provisions	129,907	112,951
Non-current employee provisions	85,540	144,137
Total Provisions	**215,447**	**257,088**

Note 18. Contributed Equity

Fully Paid Ordinary Shares	2013 No.	2013 $	2012 No.	2012 $
Balance at the beginning of the year	**343,510,161**	**79,393,130**	**343,510,161**	**79,393,130**
Shares issued during the year	-	-	-	-
Shares issued on exercise of options	-	-	-	-
Transaction costs relating to share issues	-	-	-	-
Balance at the end of the year	**343,510,161**	**79,393,130**	**343,510,161**	**79,393,130**

Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the consolidated entity in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The ordinary shares have no par value.

Options Outstanding

At 30 June 2013 there were nil ordinary share options outstanding (2012: nil).

Capital Risk Management

In managing its capital, the consolidated entity's primary objective is to ensure its contributed ability to provide a consistent return for its owners through a combination of capital growth and distribution. In order to achieve this objective, the consolidated entity seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the consolidated entity to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or the reduction of debt, the consolidated entity considered not only its short-term position but also its long-term operational and strategic objectives.

Note 19. Reserves

(a) Summary

	2013 $	2012 $
Share Based Payments Reserve	3,099,219	3,099,219
Foreign Currency Translation Reserve	1,351,832	209,082
Acquisition of NCI Reserve	(877,460)	(877,460)
Total Reserves	**3,573,591**	**2,430,841**

(b) Reconciliations

Reconciliations of movements in reserves are disclosed in the statement of changes in equity.

(c) Nature and Purpose of the Reserve

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of shares issued to Solalife and options issued to the Executive Chairman Dr Vagif Soultanov approved by shareholders at the 2008 Annual General Meeting. These options expired during the 2012 financial year.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences on translation of foreign controlled subsidiaries. Amounts are reclassified to profit or loss when the investment is disposed of.

Note 20. Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax

	2013 $	2012 $
Net Loss For the Year	**(4,892,800)**	**(18,439,749)**
Add back depreciation and amortisation expense	352,039	869,682
Add back impairment expenses	-	8,840,166
Add back loss on sale of assets	158,044	-
Add back accrued interest on convertible notes	465,000	485,731
Change in Assets and Liabilities		
- (Increases)/ decrease in receivables	(66,409)	1,175,132
- (Increases)/decreases in deferred tax assets	-	453,757
- Increases/(decreases) in provisions	(41,461)	(27,478)
- (Increases)/ decrease in inventories	151,908	93,243
- Increases/(decreases) in trade and other payables	1,836,757	(399,662)
Impact of foreign exchange differences upon payment of operating expenses	(631,707)	(406,992)
Net Cash Flows Used In Operating Activities	**(2,668,629)**	**(7,356,170)**

Note 21. Operating Segments

Description of Segments

Operating segments have been determined on the basis of reports reviewed by the Board of Directors. The Board of Directors is considered to be the chief operating decision maker of the consolidated entity. The Board considers the business from both a product and geographic perspective and assesses performance and allocates resources on this basis.

The reportable segments are as follows:

1) Bioeffective Production and Sales Australia

Bioeffective Production and Sales in Australia represents the sale of all finished goods produced by our contract manufacturers using bioeffective materials derived from Russia. Currently Bioeffective A is sold in encapsulated form, and Bioeffective I is sold in drink concentrate form under the trade name of Siberian Red.

2) Bioeffective Production and Sales Russia

The Russian division produces Bioeffective R forming the basis of the pharmaceutical product available for sale in Russia, Reopren. The Russian division also sells a variety of water and oil-based fractions under the SibEX trademark.

Information Provided to the Board of Directors

Segment information provided to the Board of Directors for the year ended 30 June 2013 is as follows:

30 June 2013	Australia $	Russia $	Adjustments $	Total $
Segment Revenue				
Segment revenue from external customers	396,763	1,213,492		1,610,255
EBITDA	(764,178)	(2,300,693)		(3,064,871)
Interest revenue	6,513	112,612		119,125
Depreciation and amortisation	(16,599)	(336,140)		(352,739)
Income tax expense	-	-		-
Segment Assets and Liabilities				
Segment assets	23,747,302	13,777,938	(23,049,861)	14,475,379
Segment liabilities	15,030,933	26,611,252	(23,049,861)	18,592,321

Segment information provided to the Board of Directors for the year ended 30 June 2012 is as follows:

30 June 2012	Australia $	Russia $	Adjustments $	Total $
Segment Revenue				
Segment revenue from external customers	603,728	1,209,427		1,813,155
EBITDA	(2,399,515)	(4,618,090)		(7,017,605)
Interest revenue	19,375	102,448		121,823
Depreciation and amortisation	(15,669)	(854,013)		(869,682)
Income tax expense	-	(435,153)		(435,153)
Segment Assets and Liabilities				
Segment assets	20,266,794	13,095,278	(19,388,958)	13,973,114
Segment liabilities	12,171,496	21,557,468	(19,388,958)	14,340,006

The Board of Directors monitors segment performance based on EBITDA. This measure excludes non-recurring expenditure such as restructuring costs, impairments and share-based payments as well as interest revenue and interest expense and other items which are considered part of the corporate treasury function.

	2013 $	2012 $
Reconciliation of EBITDA to Loss Before Income Tax:		
- Total segment EBITDA	(3,064,871)	(7,017,605)
- Interest revenue	119,125	121,823
- Finance costs	(666,292)	(586,852)
- Depreciation and amortisation	(352,739)	(869,682)
- Impairment of receivables	(769,979)	(812,116)
- Net gain/loss on disposal of fixed assets	(158,044)	-
- Impairment of intangibles and goodwill	-	(8,840,165)
Loss Before Income Tax	**(4,892,800)**	**(18,004,596)**

Note 22. Financial Risk Management

The consolidated entity's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(a) Market Risk

i. Foreign exchange risk

The consolidated entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Russian Rouble.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Based on the financial instruments held at reporting date, the consolidated entity has no material exposure to foreign exchange risk.

Risk arising from the consolidated entity's net investments in foreign operations is not included in this note as it does not pertain to financial instruments.

ii. Cash flow interest rate risk

The consolidated entity's only interest rate risk arises from cash and cash equivalents held and the bank loan facility in Russia. The consolidated entity's exposure to interest rate risk at the reporting date is as follows:

	2013 $	2012 $
Instruments with cash flow risk:		
Cash and cash equivalents	48,613	126,495
Net exposure to interest rate risk	48,613	126,495

Sensitivity of profit or loss to movements in market interest rate for instruments with cash flow risk:

	(Higher) / Lower 2013	(Higher) / Lower 2012
2013: +100 basis points (2012: +100 basis points)	486	1,265
2013: - 100 basis points (2012: -100 basis points)	(486)	(1,265)

The convertible note facility disclosed in note 14 is at a fixed interest rate and therefore does not expose the consolidated entity to interest rate risk.

(b) Credit Risk Exposure

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables from customers and cash and cash equivalents. For the consolidated entity it arises from trade and other receivables and cash and cash equivalents. The parent has credit risk in the intercompany receivables. The credit risk on financial assets of the consolidated entity, which have been recognised in the statement of financial position, other than investments in shares, is generally the carrying amount, net of any allowance for doubtful debts.

The consolidated entity's exposure to credit risk at the reporting date of financial assets not impaired is as follows:

	2013 $	2012 $
Cash and cash equivalents	48,613	126,495
Trade and other receivables	276,143	209,734
Total	**324,756**	**336,229**

(c) Liquidity Risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

i. Maturity of financial liabilities

The table below analyses the consolidated entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contracted undisclosed cash flows.

30 June 2013	Less than 6 months $	6-12 months $	Total contractual cash flows $	Carrying Amount $
Trade and other payables	3,390,753	-	3,390,753	3,390,753
Interest bearing liabilities	-	14,746,969	14,746,969	14,746,969
Other borrowings	239,152	-	239,152	239,152
Total	**3,629,905**	**14,746,969**	**18,376,874**	**18,376,874**

30 June 2012	Less than 6 months $	6-12 months $	Total contractual cash flows $	Carrying Amount $
Trade and other payables	1,553,996	-	1,553,996	1,553,996
Interest bearing liabilities	-	9,685,302	9,685,302	9,685,302
Other borrowings	2,843,620	-	2,843,620	2,843,620
Total	**4,397,616**	**9,685,302**	**14,082,918**	**14,082,918**

(d) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the consolidated entity is the current bid price. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

Note 23. Lease Commitments

Non-Cancellable Operating Leases - Future minimum lease payments	2013 $	2012 $
Payable:		
Within one year	35,526	96,162
Later than one year but not later than 5 years	-	35,526
Total	**35,526**	**131,688**

The group leases premises under a non-cancellable operating lease expiring in September 2013. All leases have annual CPI escalation clauses. They include commitments for any renewal options on leases. Lease terms usually run for 5 years with a 5 year renewal option. Lease conditions do not impose any restrictions on the ability of Solagran Limited and its subsidiaries from borrowing further funds or paying dividends.

Note 24. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(a).

Name of entity	Country of incorporation	Percentage owned (%) 2013	2012
Parent Entity			
Solagran Limited	Australia	-	-
Subsidiaries of Solagran Limited			
Solathera Limited	Australia	100	100
Solagran Netherlands BV	Netherlands	100	100
SibEX LLC	Russia	100	100
Solagift LLC	Russia	100	100
Solagran Son LLC	Russia	100	100
Biotech LLC	Russia	81	81

The consolidated entity elected not to account for a minority interest in Biotech LLC due to its insignificance.

Note 25. Parent Entity Financial Information

A. Summary Financial Information

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with the accounting standards.

Statement of Financial Position	Parent Entity 2013 $	2012 $
ASSETS		
Current Assets	18,142	68,598
Non-Current Assets	9,839	16,402
TOTAL ASSETS	**27,981**	**85,000**
LIABILITIES		
Current Liabilities	13,896,132	11,646,046
TOTAL LIABILITIES	**13,896,132**	**11,646,046**
NET ASSETS	**(13,868,151)**	**(11,561,046)**

Statement of Financial Position	Parent Entity 2013 $	Parent Entity 2012 $
EQUITY		
Contributed equity	79,393,130	79,393,130
Reserves	3,099,219	3,099,219
Accumulated losses	(96,360,500)	(94,053,395)
TOTAL EQUITY	**(13,868,151)**	**(11,561,046)**
Statement of Profit or Loss and Other Comprehensive Income		
Net Loss for the Year	(2,307,105)	(40,704,520)
Total Comprehensive Income/(Loss) for the Year	**(2,307,105)**	**(40,704,520)**

B. Guarantees entered into by the parent entity

The parent entity has not provided any financial guarantees.

C. Contingent liabilities of the parent entity

On 24 August 2010, Solagran was joined as a party to proceedings commenced by Gun Capital Management Pty Ltd alleging misrepresentation under the Trade Practices Act. On 21 June 2013, the court ordered the application and the cross claim be dismissed and the parties agree between each other the apportionment of costs, hence, management have determined that no contingent liability exists in relation to this matter at 30 June 2013.

There are no other contingent assets or liabilities at the date of this report. The parent entity is not involved in any legal or arbitration proceedings and, so far as the Directors are aware, no such proceedings are pending or threatened against the Company.

Note 26. Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties are as follows:

Sale of goods and services	2013 $	2012 $
Sale of Bioeffective products to Eastok Pty Ltd	49,532	22,588

Sale of goods to Eastok Pty Ltd were made on similar terms to other customers of the Company.

Eastok Pty Ltd is an entity controlled by Solagran's Executive Chairman, Dr Vagif Soultanov.

Payment for services	2013 $	2012 $
Payment for rental of storage space, office facilities and for staffing services provided by Eastok Pty Ltd	55,409	36,255
Expenses incurred relative to Research and Development (including consulting fees for Vagif Soultanov)	34,857	68,180

Loans from related parties	2013 $	2012 $
Loan from Solamind Pty Ltd	222,233	2,843,620
Convertible notes – Dr Vagif Soultanov	5,000,000	2,000,000
Loan from Eastok Pty Ltd	16,919	-

Solamind Pty Ltd and Eastok Pty Ltd is an entity associated with Dr Vagif Soultanov. The loan is fully drawn-down and is provided to Solagran on an unsecured, interest-free basis. The loan is at call, however Dr Vagif Soultanov has provided a letter to the Company confirming that will not be called upon for repayment until Solagran Ltd has the ability to repay without significantly impacting on their solvency.

Note 27. Key Management Personnel Compensation

The aggregate compensation made to Directors and other Key Management Personnel of the consolidated entity is set out below:

	2013 $	2012 $
Short-term employee benefits	115,045	279,745
Post-employment benefits	12,425	25,610
Total	**127,470**	**305,355**

For more information on Key Management Personnel Compensation, please refer to Remuneration Report contained under Directors' Report.

Note 28. Events after the Balance Date

There have not been any matters or circumstances, other than that referred to in the financial statements or notes thereto, that have arisen since the end of the financial year, which significantly affected, or may significantly affect, the operations of Solagran Limited, the results of those operations or the state of affairs of Solagran Limited in future financial years, with the exception of the following, the financial effects of which have not been provided for in the 30 June 2013 Financial Report:

Private Placement of Capital

On 15 December 2015, the consolidated entity announced that it had secured a capital investment from sophisticated investors. The funding was received in multiple tranches, of which $1,250,000 was recognised in the 30 June 2015 Financial Report. Additionally there were several subsequent tranches and additional investments in the period July to November 2015 in the total amount of $1,980,000. The placements were in the form of "Loan and Converting Note" arrangements with sophisticated investors, with 66,000,000 corresponding fully-paid ordinary shares at AUD $0.03 per share to be approved at the next available General Meeting of the Company.

Capital Expenditure and Retirement of Debt

Since 30 June 2015 approximately $610,000 has been spent on capital outlay in the consolidated entity's production facilities in Tomsk and Vyshny Volochok, Russia. Since 30 June 2015, approximately $250,000 has been outlaid to retire consolidated entity debt, including bank loans, tax debt and trade creditors.

Convertible Notes

Since 30 June 2013 further debt, in the form of convertible notes, was issued. Refer to Going Concern in note 1 for further detail in this regard.

Russian Restructure

The consolidated entity has undergone a restructure over the past four years. Refer to Significant Changes in State of Affairs contained within the Directors Report for further information.

Write-down of Inventory

During the 30 June 2015 financial year, Polyprenols used in the manufacture of Ropren, has been identified as slow moving as commercial quantities of Ropren have not been sold since December 2012. Management have therefore prudently provided for such items for the amount of approximately $3 million.

Appointment of New Chief Executive Officer (CEO)

Solagran Ltd appointed Dr Darren Schliebs as Chief Executive Officer (CEO) effective 25 November 2013.

Note 29. Auditor's Remuneration

Audit services	2013 $	2012 $
Remuneration of the auditor of the Company, Grant Thornton Audit Pty Ltd, for:		
— auditing or reviewing the financial report	42,500	42,500
Remuneration of the auditor of subsidiaries, FBK Grant Thornton for:		
— auditing or reviewing the financial report	11,475	11,475
Total Audit services	**53,975**	**53,975**

Taxation services	2013 $	2012 $
Amounts paid/payable to the related practice of Grant Thornton for non-audit taxation services performed for the entity in the Company:		
— Preparation of income tax return	5,173	5,421
— Preparation of other taxation services	44,120	38,442
Total Taxation services	**49,293**	**43,863**

Note 30. Contingent Liabilities and Contingent Assets

On 24 August 2010, Solagran was joined as a party to proceedings commenced by Gun Capital Management Pty Ltd alleging misrepresentation under the Trade Practices Act. On 21 June 2013, the court ordered that the application and cross claim be dismissed and that the question of costs should be reserved and listed for hearing at a future date. Subsequently, after both parties attended a failed court directed mediation in July 2014 to agree on costs payable by Gun Capital to Solagran et al, the matter was referred to Court Taxation and costs were subsequently settled. Upon due consideration by the Board of Solagran it was determined that no contingent liability exists in relation to this mater at 30 June 2013.

There are no other contingent assets or liabilities at the date of this report. The consolidated entity is not involved in any legal or arbitration proceedings and, so far as the Directors are aware, no such proceedings are pending or threatened against the consolidated entity.

Directors' Declaration

The Directors of the consolidated entity declare that:

In the opinion of the Directors:

1. the financial statements and notes, as set out on pages 18 to 58 are in accordance with the Corporations Act 2001 and:
    a. comply with Accounting Standards and the Corporations Regulations 2001; and
    b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Consolidated entity;
    c. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
2. in the Directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2013.

Dr Vagif Soultanov
Executive Chairman

Dated: This the 14th of December 2015.

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Independent Auditor's Report
To the Members of Solagran Limited

Report on the financial report

We have audited the accompanying financial report of Solagran Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to 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 qualified audit opinion.

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

Basis for qualified auditor's opinion
Inventory – We were not appointed as auditors of the entity until October 2015 and thus did not observe the counting of physical inventories at the beginning and end of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 June 2012 and 2013 which are stated in the statement of financial position at $7,439,549 and 7,287,641, respectively.

Qualified Auditor's opinion
In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to inventory quantities matter giving rise to the qualification:

a the financial report of Solagran 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 2013 and of its performance for the year ended on that date; and

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

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss of $4,892,794 during the year ended 30 June 2013 and, as of that date, the consolidated entity's liabilities exceeded its assets by $4,116,942. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Solagran Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M. A. Cunningham
Partner - Audit & Assurance

Melbourne, 14 December 2015

Shareholder Information at 30 June 2013

Fully Paid Ordinary Shares

343,510,161 fully paid ordinary shares are held by 2,280 individual holders.
All ordinary shares carry one vote per share.

Distribution of Fully Paid Ordinary Shareholders

Holding Ranges	Fully Paid Ordinary Shares No. of Holders	Total Units
1 - 1,000	216	100,733
1,001 - 5,000	576	1,799,940
5,001 - 10,000	350	2,862,136
10,001 - 100,000	840	31,369,375
100,001 +	298	307,377,977
Totals	**2,280**	**343,510,161**

Twenty Largest Fully Paid Ordinary Shareholders

	Shareholder Name	Number of Shares	%
1.	Ace Aim Pty Ltd	48,916,916	14.2%
2.	Solalife Pty Ltd	28,000,000	8.2%
3.	AMMF Investments Pty Ltd	22,500,000	6.6%
4.	J P Morgan Nominees Australia Limited	18,171,466	5.3%
5.	HSBC Custody Nominees (Australia) Limited	15,173,913	4.4%
6.	Petrograd Investments Pty Ltd	13,850,000	4.0%
7.	Avondry Pty Ltd	6,661,221	1.9%
8.	Mr Gavin Peter Herholdt	5,320,000	1.5%
9.	Citicorp Nominees Pty Ltd	4,997,620	1.5%
10.	Eastok Pty Ltd	4,921,034	1.4%
11.	JP Morgan Nominees Australia Limited	4,664,633	1.4%
12.	Brinvest Pty Ltd	4,568,000	1.3%
13.	Bronte Investments Pty Ltd	4,154,800	1.2%
14.	BT Portfolio Services Limited	3,733,000	1.1%
15.	Mr Abu Sahid Mohamed	3,333,334	1.0%
16.	Adnil (VIC) Pty Ltd	3,255,200	0.9%
17.	Ost-Kim Pty Ltd	3,230,592	0.9%
18.	Dr Vagif Soultanov	2,734,349	0.8%
19.	Gasmere Pty Ltd	2,204,000	0.6%
20.	James Street Equities Pty Ltd	2,200,000	0.6%
	Total Top 20 Shareholders	**202,590,078**	**59.0%**
	Total Balance of Remaining Shareholders	140,920,083	41.0%
	Total Issued Capital	**343,510,161**	**100.00**

Substantial Shareholders

The names of substantial shareholders the Company is aware of from the register, or who have notified the Company in accordance with Section 671B of the Corporations Act are:

	Substantial Shareholder Name	Number of Shares	%
1.	Ace Aim Pty Ltd	48,916,916	14.2%
2.	Solalife Pty Ltd	28,000,000	8.2%
3.	AMMF Investments Pty Ltd	22,500,000	6.6%
4.	J P Morgan Nominees Australia Limited	18,171,466	5.3%
	Total Number of Shares Held by Substantial Shareholders	**117,588,382**	**34.3%**

Company Directory

Australian Company Number (ACN)
002 592 396

Solagran Limited is a Public Company Limited by shares and is domiciled in Australia.

DIRECTORS

Dr Vagif Soultanov	Executive Chairman
Mr Alexander Kurganov	Executive Director

COMPANY SECRETARY
Mr Justyn Stedwell

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QUOTED SECURITIES
Australian Securities Exchange
- Ordinary Fully Paid Shares (ASX Code: SLA)

WEBSITE
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