

Our Ref: CGL ASX Announce Appendix 4E Preliminary Full Year Report 2014 (425)

28 November 2014

ANNOUNCEMENT 425

Company Announcements Office  
Australian Securities Exchange  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

**By ASX Online**  
**Number of pages: 18**  
(including this page)

Dear Sir

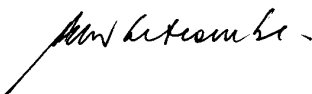
**Commodities Group Appendix 4E Preliminary Full Year Report -  
Year Ended 30 September 2014**

Enclosed is Commodities Group's Appendix 4E Preliminary Full Year Report for the financial year ended 30 September 2014.

The Company will release to the ASX its full annual report on Thursday 4 December 2014 along with a comprehensive market release.

Please telephone Harley Whitcombe on (08) 9321 4111 with any queries on the Company's 2014 Preliminary Full Year Report.

Yours faithfully  
**Commodities Group Limited**



Harley Whitcombe  
Company Secretary

ENC

# Commodities Group Limited

## Appendix 4E

### Preliminary Final Report

### Year ended 30 September 2014

Name of entity  
Commodities Group Limited

ABN or equivalent company  
reference

ABN 50 009 317 846

Year ended

30 September 2014  
(Previous corresponding year: 30  
September 2013)

#### Results for announcement to the market

				\$
Revenue from ordinary activities	Down	47.7%	to	23,692,492
Earnings before interest and taxation (EBIT)	Up	28.1%	to	(7,717,441)
EBIT before one-off items	Up	53.9%	to	(4,952,316)
Net profit after tax (from ordinary activities) for the period attributable to members	Up	1.9%	to	(6,649,227)

#### Distributions

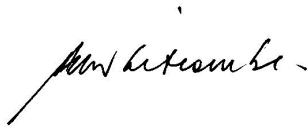
	Amount per security	Franked amount per security
Interim dividend (per share)	-	-
Final dividend (per share)	-	-
Franking	-	-
	<b>30 September 2014</b>	<b>30 September 2013</b>
	<b>\$</b>	<b>\$</b>
Net tangible asset backing (per share)	<b>0.05</b>	<b>0.07</b>

### **Explanation of results**

For commentary on the results please refer to the announcement relating to the release of Commodities Group Limited results in conjunction with the accompanying financial statements, which forms part of the Appendix 4E.

### **Audit**

The Preliminary Final Report is based on accounts which are in the process of being audited.

A handwritten signature in black ink, appearing to read 'Harley Whitcombe', with a long horizontal stroke extending to the left.

Harley Ronald Whitcombe  
Director & Company Secretary  
Melbourne  
28 November 2014

## Review of operations

The Group has reported a loss for the year after taxation of \$6,649,228 (2013: loss \$6,779,523).

A summary of consolidated revenues and results for the year by significant industry segments is set out below:

	<b>Segment revenues</b>		<b>Segment results</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Carbon services	<b>17,382,355</b>	43,745,896	<b>1,440,089</b>	579,072
Aquaculture	<b>4,979,411</b>	5,593	<b>(4,005,648)</b>	(5,588,886)
Other	<b>1,330,727</b>	1,588,502	<b>35,029</b>	804,179
Total segment revenue/result	<b>23,692,493</b>	45,339,991	<b>(2,530,530)</b>	(4,205,635)

Segment results are adjusted earnings before interest, tax, depreciation and amortisation, which is the measure of segment result that is reported to the strategic steering committee to assess the performance of the operating segments.

Comments on the operations and the results of those operations are set out below:

### **Carbon Services**

The Group delivered a profitable result at the operating level across its portfolio of carbon, trading and environmental activities.

#### *Carbon services*

The company successfully delivered major biodiversity plantings in Western Australia, New South Wales and Victoria for the Commonwealth Government and Parks Victoria.

Our major program of work to transition the carbon projects we manage into the Carbon Farming Initiative and to create ACCUs continued with a very large body of work successfully completed. The company has an exemplary record in managing the complex processes of in-field sampling and measurement, preparation of off-sets reports, carbon audit prior to ACCU issuance.

With the recent passage of the legislation to implement the Australian Government's Direct Action package, these projects will remain able to produce ACCUs.

The company restructured its operations to ensure that it allocates appropriate resources to the contracted management of its plantations.

#### *Advisory services*

CO2 Australia's dedicated team of environmental and technical professionals continue to deliver outstanding service to their blue-chip clients. The advisory team specialises in a number of areas, notably biodiversity offsets in which both State and Commonwealth requirements need to be met. The pipeline of resource projects particularly in Queensland translates to a continuing need for CO2 Australia's services.

#### *Trading*

Carbon Banc continues to selectively trade a range of instruments. Returns throughout 2014 were volatile driven in part by the nature of the instruments but also the contested policy domain which underlies the creation of some certificates. In particular the REC market faced challenges as a result of the Warburton Review and associated media commentary. Nonetheless, trading in the voluntary sector and through compliance carbon instruments offered opportunities well-captured by the company. Environmental trading represents a very dynamic space and the Board retains a close oversight of all trading activities with a preparedness to respond to changes quickly.

## **Review of operations (continued)**

### ***Aquaculture***

Our aquaculture business Seafarms Group Limited (Seafarms) has had a company-defining year having undertaken significant acquisitions, commenced farming operations, continued to advance its major greenfield project and been awarded a major R&D grant. Overall Seafarms reported a loss for the period but with farming operations - producing a small start-up year profit and with a strong earnings growth outlook - expected to continue to also fund the final planning and feasibility stages of Project Sea Dragon over the next year.

### ***Farming Operations***

Seafarms commenced its first prawn farming operations this year after successfully acquiring two farm assets in North Queensland and combining them into a single operation. The two acquisitions comprising a hatchery in Innisfail, two growout farms and a processing plant in Cardwell as well as another growout farm in Ingham has given Seafarms a large-scale integrated hatchery-growout-processing hub which is now Australia's largest producer of farmed prawns.

Due to the timing of the acquisitions, the growout production was only operated for about half of this financial year and produced around 600 tonnes of fresh and cooked prawns sold into Australian and some export markets.

Seafarms produces two types of prawns: bananas and black tigers sold under the unique Crystal Bay™ Prawns brand which are available in supermarkets, seafood markets and wholesalers and can be found on the menus at many fine restaurants across Australia.

Having established a major prawn farming operation in Queensland, Seafarms has continued to look for other strategic opportunities to grow and make the business more efficient.

### ***Project Sea Dragon***

Seafarms has continued to develop its plans to leverage from our Queensland farming operations platform into a world-class greenfield development in northern Australia via the company's Project Sea Dragon. Project Sea Dragon, a 100,000 tonne per annum prawn farming operation has continued to progress through feasibility studies and the company is well advanced in securing land tenure arrangements in several preferred locations in northern Australia. Upon securing land on one of more of these sites, Seafarms expects to receive planning & environmental permits in the 2014-15 year with an outlook to commencing operations in 2017-18.

### ***Research & Development***

Also significant this year and an integral step to advancement of both our Queensland operations and Project Sea Dragon was the Australian Research Councils' award of a prestigious funding grant to a research consortium that will map the genome of the Black Tiger Prawn, in which Seafarms is the industry partner.

This \$5M *Industrial Transformation Research Hub* program - led by Townsville's James Cook University and involving CSIRO, the Australian Genome Research Facility, Sydney University and the Vlaams Instituut voor Biotechnologie in Belgium - will for the first time link the genetics of the black tiger prawn to the selection of superior breeds. Seafarms' hub of aquaculture assets situated in the Ingham-Cardwell region will be the industry research laboratories for the project that will lead to the most advanced selective breeding program in the world, transforming the productivity of Australian prawn farming operations for this important aquaculture species globally.

Seafarms' Exmouth operations site continues to be upgraded and following receipt of permits from the Western Australian government will be used to quarantine, hold and test wild-caught prawn broodstock for translocation and introduction into Seafarms breeding programs, genomic research and founder population development for Project Sea Dragon.

**Commodities Group Limited**  
**Preliminary consolidated statement of profit or loss**  
**For the year ended 30 September 2014**

		<b>Consolidated</b>	
		<b>Year to</b>	
		<b>30 September</b>	<b>30 September</b>
		<b>2014</b>	<b>2013</b>
	Notes	\$	\$
<b>Revenue from continuing operations</b>	2	<b>23,692,492</b>	45,339,991
Other income	3	<b>586,260</b>	836,486
Fair value adjustment of biological assets		<b>713,343</b>	-
Cost of Goods Sold		<b>(15,389,800)</b>	(37,275,039)
Plantation costs		<b>(1,077,869)</b>	(3,220,117)
Employee benefits expense	4	<b>(6,728,963)</b>	(7,686,991)
Consulting expense		<b>(879,062)</b>	(870,252)
Travel		<b>(629,842)</b>	(1,115,290)
Rent	4	<b>(860,830)</b>	(823,968)
Legal fees		<b>(293,634)</b>	(341,334)
Other expenses		<b>(3,045,243)</b>	(1,401,328)
Depreciation and amortisation expense	4	<b>(1,403,266)</b>	(750,685)
Marketing		<b>(56,182)</b>	(267,786)
Insurance		<b>(381,112)</b>	(287,783)
Aquaculture concept		<b>(867,851)</b>	(2,272,514)
Impairment of goodwill		<b>(191,264)</b>	-
Research and development	4	<b>(686,703)</b>	(398,349)
Loss on disposal of subsidiary		<b>(217,916)</b>	-
Finance costs	4	<b>(327,758)</b>	(1,796)
Share of profit/(loss) from associates		-	(198,389)
<b>Loss before income tax</b>		<b>(8,045,200)</b>	(10,735,144)
Income tax benefit	5	<b>1,395,972</b>	3,955,621
<b>Loss for the year</b>		<b>(6,649,228)</b>	(6,779,523)
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share for loss attributable to the ordinary equity holders of the Company:</b>			
Basic loss per share	10	<b>(1.36)</b>	(1.50)
Diluted loss per share	10	<b>(1.36)</b>	(1.50)

*The above preliminary consolidated statement of profit or loss should be read in conjunction with the accompanying notes.*

**Commodities Group Limited**  
**Preliminary consolidated statement of comprehensive income**  
**For the year ended 30 September 2014**

	<b>Consolidated</b>	
	<b>Year to</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2014</b>	<b>2013</b>
Notes	<b>\$</b>	<b>\$</b>
<b>Loss for the year</b>	<b>(6,649,228)</b>	<b>(6,779,523)</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	<u>(8,562)</u>	<u>7,262</u>
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<u><b>(8,562)</b></u>	<u><b>7,262</b></u>
<b>Total comprehensive loss for the year</b>	<u><b>(6,657,790)</b></u>	<u><b>(6,772,261)</b></u>
Total comprehensive loss for the year is attributable to:		
Owners of Commodities Group Limited	<u><b>(6,657,790)</b></u>	<u><b>(6,772,261)</b></u>

*The above preliminary consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Commodities Group Limited**  
**Preliminary consolidated statement of financial position**  
**As at 30 September 2014**

	<b>Consolidated</b>	
	<b>30 September 2014</b>	<b>30 September 2013</b>
Notes	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,525,016	14,228,258
Trade and other receivables	2,811,046	1,616,028
Inventories	5,854,772	2,175,282
Current tax receivables	13,999	-
Other current assets	513,964	535,106
Accrued income	187,120	765,620
Biological assets	3,425,165	-
Other current financial assets	365,423	-
Total current assets	<u>16,696,505</u>	<u>19,320,294</u>
<b>Non-current assets</b>		
Other financial assets	9,354	9,354
Property, plant and equipment	18,338,240	7,508,111
Deferred tax assets	11,087,839	9,570,739
Intangible assets	4,513,380	4,959,014
Non-current assets held for sale	1,280,000	-
Exploration and evaluation, development and mine properties	-	98,832
Total non-current assets	<u>35,228,813</u>	<u>22,146,050</u>
<b>Total assets</b>	<u>51,925,318</u>	<u>41,466,344</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	3,469,733	3,023,699
Borrowings	2,113,000	-
Current tax liabilities	-	40,367
Provisions	1,053,138	785,637
Deferred income	594,006	1,294,597
Total current liabilities	<u>7,229,877</u>	<u>5,144,300</u>
<b>Non-current liabilities</b>		
Borrowings	5,013,000	-
Provisions	28,871	74,030
Total non-current liabilities	<u>5,041,871</u>	<u>74,030</u>
<b>Total liabilities</b>	<u>12,271,748</u>	<u>5,218,330</u>
<b>Net assets</b>	<u>39,653,570</u>	<u>36,248,014</u>
<b>EQUITY</b>		
Contributed equity	6 54,351,826	44,288,480
Other reserves	5,252,773	5,261,335
Retained earnings	(19,951,029)	(13,301,801)
<b>Total equity</b>	<u>39,653,570</u>	<u>36,248,014</u>

*The above preliminary consolidated statement of financial position should be read in conjunction with the accompanying notes.*



**Commodities Group Limited**  
**Preliminary consolidated statement of changes in equity**  
**For the year ended 30 September 2014**

<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Foreign currency translation reserve</b> \$	<b>Options premium reserve</b> \$	<b>Financial assets revaluation reserve</b> \$	<b>Share-based payments reserve</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
<b>Balance at 1 October 2012</b>	43,785,575	1,300	1,670,705	(24,740)	3,926,837	(6,522,278)	42,837,399
Loss for the year as reported in the 2013 financial statements	-	-	-	-	-	(6,779,523)	(6,779,523)
Exchange differences on translation of foreign operations	-	7,262	-	-	-	-	7,262
<b>Total comprehensive loss for the year</b>	-	<b>7,262</b>	-	-	-	<b>(6,779,523)</b>	<b>(6,772,261)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Performance rights issued to employees	502,905	-	-	-	(502,905)	-	-
Recognition of share based payments	-	-	-	-	182,876	-	182,876
	502,905	-	-	-	(320,029)	-	182,876
<b>Balance at 30 September 2013</b>	<b>44,288,480</b>	<b>8,562</b>	<b>1,670,705</b>	<b>(24,740)</b>	<b>3,606,808</b>	<b>(13,301,801)</b>	<b>36,248,014</b>
<b>Balance at 1 October 2013</b>	44,288,480	8,562	1,670,705	(24,740)	3,606,808	(13,301,801)	36,248,014
Loss for the year as reported in the 2014 financial statements	-	-	-	-	-	(6,649,228)	(6,649,228)
Exchange differences on translation of foreign operations	-	(8,562)	-	-	-	-	(8,562)
<b>Total comprehensive loss for the year</b>	-	<b>(8,562)</b>	-	-	-	<b>(6,649,228)</b>	<b>(6,657,790)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Contributions of equity	10,063,346	-	-	-	-	-	10,063,346
<b>Balance at 30 September 2014</b>	<b>54,351,826</b>	<b>-</b>	<b>1,670,705</b>	<b>(24,740)</b>	<b>3,606,808</b>	<b>(19,951,029)</b>	<b>39,653,570</b>

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

**Commodities Group Limited**  
**Preliminary consolidated statement of cash flows**  
**For the year ended 30 September 2014**

	<b>Consolidated</b>	
	<b>Year to</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2014</b>	<b>2013</b>
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	23,826,382	46,642,379
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(39,325,237)</u>	<u>(59,544,424)</u>
	(15,498,855)	(12,902,045)
Interest paid	(327,758)	(1,796)
Income taxes paid	-	(596,861)
<b>Net cash outflow from operating activities</b>	9 <u>(15,826,613)</u>	<u>(13,500,702)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(1,553,515)	(132,086)
Payments for intangible assets	-	(401,014)
Payments of development costs	-	(948,241)
Loans to related parties	(106,140)	-
Proceeds from sale of property, plant and equipment	17,850	-
Interest received	186,402	772,249
Net cash (outflow)/inflow on acquisition of business	(7,000,000)	469,709
Proceeds from disposal of exploration and evaluation interests	98,832	-
Proceeds from sale of other financial assets	516,596	-
<b>Net cash outflow from investing activities</b>	<u>(7,839,975)</u>	<u>(239,383)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and other equity securities	10,063,346	-
Proceeds from/(repayment) of borrowings	2,900,000	(16,081)
<b>Net cash inflow/(outflow) from financing activities</b>	<u>12,963,346</u>	<u>(16,081)</u>
<b>Net decrease in cash and cash equivalents</b>	(10,703,242)	(13,756,166)
Cash and cash equivalents at the beginning of the financial year	14,228,258	27,984,424
<b>Cash and cash equivalents at end of year</b>	<u>3,525,016</u>	<u>14,228,258</u>

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

## **Basis of preparation**

The preliminary final report has been prepared in accordance with the ASX Listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

## **1 Segment information**

### **(a) Segments**

The segment information provided to the strategic steering committee for the reportable segments for the year ended 30 September 2014 is as follows:

<b>Year to 30 September 2014</b>	<b>Carbon services</b>	<b>Aquaculture</b>	<b>Other</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Segment revenue</b>				
Sales and external customers	17,297,099	4,944,453	1,191,079	23,432,631
Total sales revenue	17,297,099	4,944,453	1,191,079	23,432,631
Other revenue	85,256	34,958	139,648	259,862
<b>Total segment revenue</b>	<b>17,382,355</b>	<b>4,979,411</b>	<b>1,330,727</b>	<b>23,692,493</b>
<b>Consolidated revenue</b>				<b>23,692,493</b>
<b>Segment profit/(loss)</b>				
Segment profit/(loss)	<b>1,440,089</b>	<b>(4,005,648)</b>	<b>35,029</b>	(2,530,530)
Central administration and directors' salaries				(5,514,670)
Loss before income tax				(8,045,200)
Income tax benefit				1,395,972
<b>Loss for the year</b>				<b>(6,649,228)</b>
<b>Segment assets</b>				
Segment assets	<b>13,367,460</b>	<b>23,657,258</b>	<b>69,826</b>	37,094,544
Unallocated assets				14,830,774
<b>Total assets</b>				<b>51,925,318</b>

## 1 Segment information (continued)

### (a) Segments (continued)

The segment information provided to the strategic steering committee for the reportable segments for the year ended 30 September 2013 is as follows:

Year to 30 September 2013	Carbon services	Aquaculture	Other	Consolidated
	\$	\$	\$	\$
<b>Segment revenue</b>				
Sales and external customers	43,745,896	-	782,583	44,528,479
Total sales revenue	43,745,896	-	782,583	44,528,479
Other revenue		5,593	805,919	811,512
<b>Total segment revenue</b>	43,745,896	5,593	1,588,502	45,339,991
<b>Consolidated revenue</b>				45,339,991
<b>Segment profit/(loss)</b>				
Segment profit/(loss)	579,072	(5,588,886)	804,179	(4,205,635)
Central administration and directors' salaries				(6,529,509)
Loss before income tax				(10,735,144)
Income tax benefit				3,955,621
<b>Loss for the year</b>				(6,779,523)
<b>Segment assets</b>				
Segment assets	15,064,158	1,793,331	321,484	17,178,973
Unallocated assets				24,287,371
<b>Total assets</b>				41,466,344

Segment revenues, expenses, and assets are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of forest carbon sinks, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributed to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment assets do not include income taxes.

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, investment revenue and finance costs, income tax expense, and gains or losses on disposal of associates and discontinued operations. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

**Commodities Group Limited**  
**Notes to the preliminary consolidated financial statements**  
**30 September 2014**  
(continued)

## 2 Revenue

	<b>Consolidated</b>	
	<b>Year to</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>From continuing operations</b>		
<i>Sales revenue</i>		
Project development fees	2,319,745	4,356,061
Sale of environmental credits	11,445,939	37,286,906
Carbon sink project management fees	3,527,613	2,061,167
Fee for services	1,191,079	824,344
Sale of Goods Revenue	4,979,406	5,593
	<b>23,463,782</b>	<b>44,534,071</b>
<i>Other revenue</i>		
Interest from financial assets not at fair value through profit or loss	139,653	742,561
Office services	-	21,597
Crop share and agistment	89,057	41,762
	<b>228,710</b>	<b>805,920</b>
	<b>23,692,492</b>	<b>45,339,991</b>

## 3 Other income

	<b>Consolidated</b>	
	<b>Year to</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Notes		
Net gain on disposal of property, plant and equipment	17,509	-
Net gains on financial assets	953,773	-
Foreign exchange gains (net)	18,408	-
Gain/(loss) on environmental credits FVTPL	(403,430)	642,449
Discount on acquisition	-	194,037
	<b>586,260</b>	<b>836,486</b>

## 4 Expenses

	<b>30 September 2014 \$</b>	<b>30 September 2013 \$</b>
<i><b>Profit before income tax includes the following specific expenses:</b></i>		
<i>Depreciation</i>		
Buildings	<b>41,769</b>	2,104
Ponds	<b>151,193</b>	-
Plant and equipment	<b>549,200</b>	98,207
Leasehold improvements	<b>55,349</b>	70,776
Plant and equipment under finance leases	<b>5,833</b>	11,738
Carbon sinks	<b>517,283</b>	498,543
Total depreciation	<b>1,320,627</b>	681,368
<i>Amortisation</i>		
NGAC	<b>20,869</b>	19,983
Software	<b>61,770</b>	49,334
Total amortisation	<b>82,639</b>	69,317
Total depreciation and amortisation	<b>1,403,266</b>	750,685
<i>Research and development</i>		
Research and development	<b>686,703</b>	714,140
Research and development costs paid and expensed	<b>686,703</b>	714,140
<i>Finance costs</i>		
Interest and finance charges	<b>327,758</b>	1,796
Finance costs expensed	<b>327,758</b>	1,796
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	<b>860,830</b>	823,968
Total rental expense relating to operating leases	<b>860,830</b>	823,968
<i>Employee benefits expense</i>		
Equity settled share based payments	-	182,876
Superannuation	<b>400,276</b>	545,472
Other employee benefits	<b>6,328,687</b>	6,958,642
	<b>6,728,963</b>	7,686,990

## 5 Income tax expense

### (a) Income tax expense/(benefit)

	<b>Consolidated</b>	
	<b>Year to</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Current tax	<b>(4,860)</b>	41,985
Deferred tax	<b>(1,648,686)</b>	(3,716,565)
Adjustments for current tax of prior periods	<b>257,574</b>	(297,524)
Adjustments for deferred tax of prior periods	<b>-</b>	16,483
	<b>(1,395,972)</b>	(3,955,621)

## 6 Issued capital

### (a) Share capital

	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Notes	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares				
Ordinary shares - fully paid	<b>654,117,497</b>	452,850,575	<b>54,351,525</b>	44,288,179
Convertible preference shares	<b>30,150,190</b>	30,150,190	<b>301</b>	301
	<b>684,267,687</b>	483,000,765	<b>54,351,826</b>	44,288,480
<b>Total contributed equity</b>			<b>54,351,826</b>	44,288,480

## 7 Subsidiaries and transactions with non-controlling interests

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2014 %	2013 %
CO2 Australia Limited *	Australia	Ordinary	100	100
Carbon Banc Limited *	Australia	Ordinary	100	100
Carbon Estate Pty Ltd *	Australia	Ordinary	100	100
CO2 New Zealand Limited *	Australia	Ordinary	100	100
Mallee Land Company Pty Ltd *	Australia	Ordinary	100	100
Mallee Carbon Limited *	Australia	Ordinary	100	100
Blue Leafed Mallee Limited *	Australia	Ordinary	100	100
Carbon Sinks Services Pty Ltd *	Australia	Ordinary	100	100
Carbon Sink Services New Zealand Limited	New Zealand	Ordinary	-	100
The Oil Mallee Company of Australia Limited *	Australia	Ordinary	100	100
Yonderr Pty Ltd *	Australia	Ordinary	100	100
Sea Farms Group Limited (formerly Western Australian Resources Limited) *	Australia	Ordinary	100	100
CO2 Group Financial Services Pty Ltd	Australia	Ordinary	100	100
Marine Farms Pty Ltd*	Australia	Ordinary	100	100
Sea Farm Queensland Pty Ltd*	Australia	Ordinary	100	-

\* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission.

## 8 Events occurring after the reporting period

### (a) Acquisition of entity

On 31 October 2014 Commodities Group Limited, via its wholly-owned subsidiary Seafarms Group Limited, acquired the assets and business of Coral Seafarms Pty Ltd, a prawn farmer 45 km from Seafarm Queensland Pty Ltd, for consideration of \$4,200,000. The acquisition is expected to increase the Group's market share of the domestic prawn market and reduce costs through economies of scale.



## 9 Reconciliation of profit after income tax to net cash inflow from operating activities

	<b>Consolidated</b>	
	<b>Year to</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	<b>(6,649,228)</b>	(6,779,523)
Depreciation and amortisation	<b>1,403,266</b>	750,685
Impairment of goodwill	<b>191,264</b>	-
Write off of development costs	<b>168,718</b>	-
Net (gain)/loss on sale of non-current assets	<b>(17,509)</b>	-
Fair value (gains)/losses on financial assets at fair value through profit or loss	<b>(550,344)</b>	(642,449)
Share of losses/(profits) of joint venture partnership	-	198,389
Discount on acquisition	-	(194,037)
Net exchange differences	<b>(18,408)</b>	-
Equity settled share based payments	-	182,876
Interest income received	<b>(139,653)</b>	(772,249)
Net loss on disposal of subsidiary	<b>217,916</b>	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade debtors and receivables	<b>(1,088,878)</b>	611,943
(Increase)/decrease in inventories	<b>(3,679,490)</b>	45,585
(Increase)/decrease in other current assets	<b>21,142</b>	94,196
(Increase)/decrease in biological assets	<b>(3,425,164)</b>	-
(Increase)/decrease in deferred tax assets	<b>(1,517,100)</b>	(3,745,706)
(Increase)/decrease in other operating assets	<b>(701,500)</b>	(602,630)
(Decrease)/increase in trade creditors	<b>445,480</b>	763,608
(Decrease)/increase in other operating liabilities	<b>(700,260)</b>	(2,783,895)
(Decrease)/increase in provision for income taxes payable	<b>(54,366)</b>	(829,197)
(Decrease)/increase in other provisions	<b>267,501</b>	201,702
Net cash outflow from operating activities	<b>(15,826,613)</b>	(13,500,702)

## 10 Earnings per share

### (a) Basic earnings per share

	<b>Consolidated</b>	
	<b>Year to</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2014</b>	<b>2013</b>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	<b>(1.36)</b>	(1.50)
Total basic earnings per share attributable to the ordinary owners of the Company	<b>(1.36)</b>	(1.50)

## 10 Earnings per share (continued)

### (b) Diluted earnings per share

	<b>Consolidated Year to 30 September 2014 Cents</b>	30 September 2013 Cents
Diluted earnings per share	<u>(1.36)</u>	(1.50)
Total basic earnings per share attributable to the ordinary owners of the Company	<u>(1.36)</u>	(1.50)

### (c) Reconciliation of earnings used in calculating earnings per share

	<b>Consolidated Year to 30 September 2014 \$</b>	30 September 2013 \$
<i>Basic earnings per share</i>		
Profit/(loss) from continuing operations	<u>(6,649,227)</u>	(6,779,523)
	<u>(6,649,227)</u>	(6,779,523)
<i>Diluted earnings per share</i>		
Profit/(loss) from continuing operations	<u>(6,649,227)</u>	(6,779,523)
Profit from continuing operations attributable to the ordinary equity holders of the Company	<u>(6,649,227)</u>	(6,779,523)

### (d) Weighted average number of shares used as denominator

	<b>Consolidated Year to 30 September 2014 Number</b>	30 September 2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>489,136,220</u>	451,309,920