

5 June 2015

ASX Release

ASX Relisting

Solco Limited (**Solco**) is pleased to advise that, on Tuesday 2 June, the Federal Court gave the orders sought by Solco in relation to its prospectus issued 25 November 2014 (**Prospectus**). The orders provide for:

- an extension of time for the shares offered under the Prospectus to be admitted to quotation by ASX by a period of two months commencing from the date Solco lodges a Second Supplementary Prospectus with the ASIC (**Extension Period**). This Second Supplementary Prospectus, which provides additional historical financial information in relation to Solco and the Go Group as required by the ASIC, is expected to be lodged later today with ASIC and released on the ASX; and
- subject to Solco's shares being admitted to quotation by ASX within the Extension Period, the validation of the shares issued under the Prospectus.

A copy of the orders, which have been served on the ASIC and ASX, follows

In accordance with ASIC requirements, this announcement also provides copies of historical audited accounts of the following Go Group companies that were either acquired by Solco or are companies that owned businesses acquired by Solco, as set out below.

| Company | Nature of acquisition | Audited financial statements attached for years ended |
|--|--|---|
| Go Quote Pty Limited | Acquired 100% by Solco | 30 June 2014 |
| Go Energy Installations Pty Limited | Acquired 100% by Solco | 30 June 2014 |
| CO2 Global Exports Australia Pty Limited | Acquired 100% by Solco | 30 June 2014 |
| GoEnergy Pty Limited | Acquired 100% by Solco | 30 June 2012 30 June 2013 30 June 2014 |
| Urban Energy Carbon Markets Pty Limited | Previous owner of CO2 Markets business (refer to the Prospectus for details) | 30 June 2013 30 June 2014 |
| Environmental Trade Services Pty Limited | Previous owner of CO2 Markets business (refer to the Prospectus for details) | 30 June 2014 |
| UGE Environmental Trading Pty Limited | Vending company of CO2 Markets business to Solco (refer to the Prospectus for details) | 30 June 2013 30 June 2014 |

A supplementary prospectus providing updated financial and other information will also be released later today.

About Solco

Solco Limited (ASX: SOO) is an independent, ASX-listed clean tech energy retailer and financier. Holding energy retail licenses in New South Wales, Victoria and Queensland, Solco provides business customers with an innovative approach to reduce energy costs through a combination of solar power purchase agreements, energy efficiency products and grid energy solutions.

For further information please contact:

Adam Pearce
Chief Executive Officer
02 8907 7400



No: WAD126/2015

Federal Court of Australia
District Registry: Western Australia
Division: General

SOLCO LTD ACN 084 656 691
Plaintiff

ORDER

JUDGE: JUSTICE MCKERRACHER

DATE OF ORDER: 02 June 2015

WHERE MADE: Perth

THE COURT ORDERS THAT:

1. Pursuant to section 1322(4)(d) of the *Corporations Act 2001* (Cth) (**Act**), the period set out in sub-sections 723(3)(b) and 724(1)(b)(ii) of the Act for the admission to quotation by ASX Limited (**ASX**) of securities of the Plaintiff issued pursuant to the prospectus dated 25 November 2014 (**Prospectus**) be extended to the date which is 2 months after the date of the Second Supplementary Prospectus for the offer to be lodged with the Australian Securities and Investments Commission (**ASIC**), a draft of which is annexure ALD-4 to the affidavit of Andrew Lawrence Disney affirmed on 29 May 2015.
2. Subject to the Plaintiff's securities being admitted to quotation by the ASX within the period of 2 months after the date of the Second Supplementary Prospectus, then pursuant to section 245E of the Act the issue of shares by the Plaintiff pursuant to the Prospectus is hereby validated and confirmed.
3. The Plaintiff do forthwith:
 - a. lodge a copy of these orders with ASIC; and
 - b. make an announcement to the ASX disclosing the terms of these orders.
4. The Plaintiff lodge the Second Supplementary Prospectus (in the form of the draft which is annexure ALD-4 to the affidavit of Andrew Lawrence Disney affirmed on 29 May 2015, together with any amendments required or approved by ASIC or by ASIC and the ASX) with ASIC forthwith.
5. The Plaintiff and all other interested or affected parties have liberty to apply to vary these orders upon first giving 24 hours prior written notice.



Date that entry is stamped: 2 June 2015

Warrick Soden
Registrar

GO QUOTE PTY LIMITED

ABN 56 164 224 266

ANNUAL FINANCIAL REPORT
For the year ended 30 June 2014

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Directors' Report

The director submits GoQuote Pty Limited ('the company')s report for the year ended 30 June 2014.

DIRECTORS

The details of the company's director in office during the financial year and until the date of this report is as follows.
The director was in office for this entire period.

- Adam Jason Pearse (Appointed: 12 June 2013)

Adam Jason Pearse also held a position of a company secretary since the date of appointment until the date of this report.

DIVIDENDS

There were no dividends paid or declared from the beginning of the financial period to the date of signing of this report (2013: nil).

CORPORATE INFORMATION

Go Quote Pty Limited is a company limited by shares that was incorporated on 12 June 2013 and domiciled in New South Wales, Australia.

The company had no employees at 30 June 2014 (2013: no employees).

PRINCIPAL ACTIVITIES

The company was in the process of developing web based quoting platform during the financial periods presented in this report.

OPERATING RESULTS FOR THE YEAR

The profit after tax of the company for the year ended 30 June 2014 was \$69,088 (2013: \$0).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of company's affairs.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 26th of August 2014, Go Quote Pty Limited became subject to an acquisition by Solco Limited. The transaction settled on 23 February 2015. There were no other subsequent to balance date events.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

GO QUOTE PTY LIMITED

Directors' Report

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is not subject to any particular or significant environmental regulation under the law.

SHARE OPTIONS

No option to shares in the company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums to insure the officers of the company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company.

The total amount of insurance contract premiums paid by the parent entity Urban Group Energy Holdings Pty Ltd, covering all subsidiaries was \$120,000.


PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor. A copy has been included on page 5 of the report.

Signed in accordance with a resolution of the directors.



Adam Jason Pearce
Director
1 May 2015

Auditor's Independence Declaration

To the Directors of Go Quote Pty Limited

As engagement partner for the audit of Go Quote Pty Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Matthew Moore
Registered Company Auditor

Dated *1 May 2015*

www.lwm.com.au

GO QUOTE PTY LIMITED**Statement of Comprehensive Income**
For the year ended 30 June 2014

| | <i>Notes</i> | <i>2014</i> \$ | <i>2013</i> \$ |
|--|--------------|-------------------|-------------------|
| Continuing operations | | | |
| Revenue | | - | - |
| Cost of sales | | - | - |
| Gross profit | | - | - |
| Other income | 3(a) | 79,245 | - |
| Other expenses | 3(b) | (10,157) | - |
| Profit/(loss) before income tax | | 69,088 | - |
| Income tax (expense)/benefit | 4 | - | - |
| Profit/(loss) after tax | | 69,088 | - |
| Other comprehensive income for the year | | | |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 69,088 | - |

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

GO QUOTE PTY LIMITED**Statement of Financial Position****As at 30 June 2014**

| | <i>Notes</i> | <i>2014</i> \$ | <i>2013</i> \$ |
|----------------------------------|--------------|-------------------|-------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 5 | 69 | 100 |
| Other | 6 | 3,729 | - |
| Total Current Assets | | 3,798 | 100 |
| Non-current Assets | | | |
| Intangible assets | 7 | 66,646 | - |
| Total Non-current Assets | | 66,646 | - |
| TOTAL ASSETS | | 70,444 | 100 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 8 | 1,256 | - |
| Total Current Liabilities | | 1,256 | - |
| TOTAL LIABILITIES | | 1,256 | - |
| NET ASSETS | | 69,188 | 100 |
| EQUITY | | | |
| Issued capital | 9 | 100 | 100 |
| Retained earnings | | 69,088 | - |
| TOTAL EQUITY | | 69,188 | 100 |

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

GO QUOTE PTY LIMITED**Statement of Cash Flows****For the year ended 30 June 2014**

| | Notes | 2014 \$ | 2013 \$ |
|---|----------|-----------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (13,893) | - |
| Net cash flows from/(used in) operating activities | 5 | (13,893) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Debt forgiveness from a related party | | 80,508 | - |
| Purchase of intangible assets | | (66,646) | - |
| Net cash flows from/(used in) investing activities | | 13,862 | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | | - | 100 |
| Net cash flows from/(used in) financing activities | | - | 100 |
| Net increase/(decrease) in cash and cash equivalents | | (31) | 100 |
| Cash and cash equivalents at beginning of period | | 100 | - |
| Cash and cash equivalents at end of period | 5 | 69 | 100 |

The above Statement of Cashflows should be read in conjunction with the accompanying notes.

GO QUOTE PTY LIMITED**Statement of Changes in Equity**
For the year ended 30 June 2014

| | <i>Issued capital</i> \$ | <i>Retained earnings</i> \$ | <i>Total equity</i> \$ |
|--|-----------------------------|--------------------------------|---------------------------|
| At Incorporation 12 June 2013 | 100 | - | 100 |
| Total income and expense recognised directly in equity | | | |
| Profit for the year | - | - | - |
| Total recognised income and expense for the year | - | - | - |
| At 30 June 2013 | 100 | - | 100 |
| Total income and expense recognised directly in equity | | | |
| Profit for the year | - | 69,088 | 69,088 |
| Total recognised income and expense for the year | - | 69,088 | 69,088 |
| At 30 June 2014 | 100 | 69,088 | 69,188 |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements**For the year ended 30 June 2014****1 CORPORATE INFORMATION**

The financial report of Go Quote Pty Limited for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the director on 1 May 2015.

Go Quote Pty Limited is a company limited by shares incorporated and domiciled in Australia.

The nature of the operations and principal activities of the company are described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation**

The financial report is a special-purpose financial report, which has been prepared for as requested by the Board of Directors. The accounting policies used in the preparation of this report, as described below, are in the opinion of the director, appropriate to meet the needs of users. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

The disclosure requirements of Accounting Standards and other financial reporting requirements in Australia do not have mandatory applicability to Go Quote Pty Limited in relation to the year ended 30 June 2014 because it is not a "reporting entity". However, the director has prepared the financial report in accordance with Accounting Standards and other financial reporting requirements in Australia.

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(i) Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have been included in relevant notes of this financial report.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimate uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(iii) Going concern

The financial report has been prepared on a going concern basis as there is financial support confirmed by the company's parent entity.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Significant accounting judgements, estimates and assumptions

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance or the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenue from the provision of management services are recognised when the services are rendered.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

(d) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

Notes to the Financial Statements (continued)**For the year ended 30 June 2014****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(e) Income tax***Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date

Deferred income tax liabilities are recognised for all taxable temporary differences except

When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Income tax (continued)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of Intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption or future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Software and Development (finite)

Costs incurred in developing systems and costs incurred in acquiring and building software that will contribute to future year financial benefits through revenue generation and/or cost reduction are capitalised to software and development costs. Costs capitalised include external costs of services, direct payroll and payroll related costs of employees' time spent on a project.

A summary of the policies applied to the Company's intangible assets is as follows:

Software and Development

- Useful lives: 3-5 years
- Amortisation method used: Straight line
- Internally generated or acquired: Both internally generated and acquired.

Notes to the Financial Statements (continued)**For the year ended 30 June 2014****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(g) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU's") fair value less costs to sell and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. When the carrying amount of an asset or CHU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expenses, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CHU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(i) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(k) New accounting standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 period.

The Director's assessment of the impact of these new standards and interpretations is that they will result in no changes to the amounts recognised in the financial statements, but may impact the type of information disclosed in the financial statements.

(l) Intercompany loans

Intercompany balances are recognised at cost. They are payable on demand and are not subject to interest unless specifically agreed otherwise.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|--|---------------|------------|
| 3 REVENUE AND EXPENSES | | |
| <i>Revenue and Expenses from Continuing Operations</i> | | |
| (a) Other income | | |
| Debt forgiven by Urban Group Energy Holdings Pty Ltd (related party) | 79,245 | - |
| Total other income | 79,245 | - |
| (b) Other expenses | | |
| Merchant and bank fees | 318 | - |
| Advertising | 9,151 | - |
| Office expenses | 688 | - |
| Total other expenses | 10,157 | - |

4 INCOME TAX

Major components of income tax expense for the years ended 30 June 2014 and 30 June 2013 are:

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2014 and 30 June 2013 is as follows:

| | | |
|---|----------|----------|
| Accounting profit before income tax | 69,088 | - |
| At the statutory income tax rate of 30% (2013: 30%) | 20,726 | - |
| Non-allowable items | (20,726) | - |
| Income tax expense | - | - |
| Effective income tax rate | 0% | 0% |
| Income tax expense reported in the income statement | - | - |

GO QUOTE PTY LIMITED**Notes to the Financial Statements (continued)****For the year ended 30 June 2014**

| | 2014 | 2013 |
|--|------|------|
| | \$ | \$ |

4 INCOME TAX (continued)**Tax consolidation**

Go Quote Pty Limited is a 100% owned subsidiary of Urban Group Energy Holdings Pty Ltd and is a part of a tax consolidated group.

Urban Group Energy Holdings Pty Ltd is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis.

In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

5 CASH AND CASH EQUIVALENTS

| | | |
|--------------|-----------|------------|
| Cash in hand | 100 | 100 |
| Cash at bank | (31) | - |
| | <u>69</u> | <u>100</u> |

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

Reconciliation of cash

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following:

| | | |
|--------------|-----------|------------|
| Cash in hand | 100 | 100 |
| Cash at bank | (31) | - |
| | <u>69</u> | <u>100</u> |

Reconciliation from the net profit after tax to the net cash flows from operations

| | | |
|-------------------|--------|---|
| Net profit/(loss) | 69,088 | - |
|-------------------|--------|---|

Changes in assets and liabilities

| | | |
|---|-----------------|----------|
| (Decrease)/increase in trade and other creditors | (82,981) | - |
| Net cash flow from/(used in) operating activities | <u>(13,893)</u> | <u>-</u> |

GO QUOTE PTY LIMITED**Notes to the Financial Statements (continued)****For the year ended 30 June 2014**

| | 2014 \$ | 2013 \$ |
|----------------|--------------|------------|
| 6 OTHER | | |
| Prepayments | | |
| GST clearing | 3,729 | - |
| | <u>3,729</u> | <u>-</u> |

7 INTANGIBLES*Web Development Costs*

Cost (gross carrying amount)

66,646

-

Accumulated amortisation and impairment

-

-

Net carrying amount

66,646-

At the time of this report development of the quoting platform was still in progress, hence not amortised.

8 TRADE AND OTHER PAYABLES (CURRENT)

Trade creditors

1,256

-

1,256-

Trade payables are non-interest bearing and are normally settled on 7-30 day terms. Other creditors are non-interest bearing and have an average term of 30 days.

9 ISSUED CAPITAL AND RESERVES**(a) Ordinary shares**

Ordinary shares

100100100100*(i) Ordinary shares*

Issued and fully paid ordinary shares

100100100100

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Capital management

Management controls the capital of the Company in order to provide the shareholders with adequate returns and to ensure the Company can fund its operations and continue as a going concern.

There are no externally imposed capital requirements on the Company.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of working capital, distributions to shareholders and share issues.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2014 and 30 June 2013.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

10 COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies as at 30 June 2014 or 30 June 2013.

11 EVENTS AFTER BALANCE DATE

On 26th of August 2014, Go Quote Pty Limited became subject to an acquisition by Solco Limited. The transaction settled on 23 February 2015. There were no other subsequent to balance date events.

Directors' Declaration

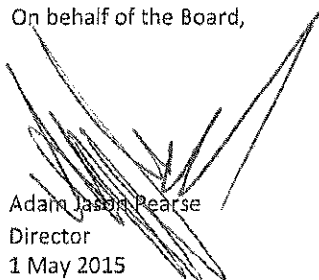
As detailed in Note 2, in the opinion of the Director, the Company is not a reporting entity. As such, it is unlikely there are users of the financial report who are unable to request the preparation of reports tailored so as to satisfy their information needs.

In the opinion of the directors:

(a) The financial statements and notes of the company :

- (i) Present fairly the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) Comply with Accounting Standards as detailed in Note 2; and
- (iii) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Adam Jason Pearce
Director
1 May 2015

Independent Auditor's Report

To the Directors of Go Quote Pty Limited

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of Go Quote Pty Limited (the "Company"), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and 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.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the financial reporting requirements of the Board of Directors and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that is fairly presented in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with appropriate independence requirements. We have given to the directors of the Company a written Auditors Independence Declaration, a copy of which is included in the financial report.


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Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of Go Quote Pty Limited as of 30 June 2014 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist the Board of Directors of Go Quote Pty Limited, as a result, the financial report may not be suitable for another purpose.


.....
Matthew Moore
Registered Company Auditor

Dated

1 May 2015

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GOENERGY INSTALLATIONS PTY LIMITED

ABN 96 163 422 535

ANNUAL FINANCIAL REPORT
For the year ended 30 June 2014

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Directors' Report

The director submits Go Installations Pty Limited's ('the company') report for the year ended 30 June 2014.

DIRECTORS

The details of the company's director in the office during the financial year and until the date of this report is as follows. The director was in the office for this entire period.

- Dean Roger Walker

Nobody held position of a secretary during the financial periods presented in this report.

DIVIDENDS

There were no dividends paid or declared from the beginning of the financial period to the date of signing of this report (2013: nil).

CORPORATE INFORMATION

GoEnergy Installations Pty Limited is a company limited by shares that is incorporated and domiciled in New South Wales, Australia.

The registered office of the company is: C/- LWM Group, Level 1, 106 Erina Street, Gosford NSW 2250.

The company had no employees at 30 June 2014 (2013: no employees).

PRINCIPAL ACTIVITIES

The company did not undertake any activities apart from maintaining necessary installations licenses during the financial periods presented in this financial report.

OPERATING RESULTS FOR THE YEAR

The profit/(loss) after tax of the company for the year ended 30 June 2014 was \$51,953 (2013: -\$12,525).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The company changed its name from UGE Installations Pty Limited to GoEnergy Installations Pty Limited on 2 June 2014.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 26th of August 2014, Goenergy Installations became subject to an acquisition by Solco Limited. The transaction settled on 23 February 2015. There were no other subsequent events.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

COENERGY INSTALLATIONS PTY LIMITED

Directors' Report

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is not subject to any particular or significant environmental regulation under the law.

SHARE OPTIONS

No option to shares in the company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums to insure the officers of the company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company.

The total amount of insurance contract premiums paid by the parent entity Urban Group Energy Holdings Pty Ltd, covering all subsidiaries was \$120,000.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor. A copy has been included on page 5 of the report.

Signed in accordance with a resolution of the directors.

Adam Jason Pearce
Director

Sydney, 1 May 2015

Auditor's Independence Declaration

To the Directors of GOEnergy Installations Pty Limited

As engagement partner for the audit of GOEnergy Installations Pty Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Matthew Moore
Registered Company Auditor

Dated *1 May 2015*

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GOENERGY INSTALLATIONS PTY LIMITED

Statement of Comprehensive Income

For the year ended 30 June 2014

| | Notes | 2014 \$ | 2013 \$ |
|---|-------|-----------------|-----------------|
| Continuing operations | | | |
| Sale of goods | | - | - |
| Cost of sales | | (79,273) | (4,118) |
| Gross profit | | (79,273) | (4,118) |
| Other income | 3(a) | 144,187 | - |
| Other expenses | 3(b) | (52,489) | (13,775) |
| Profit/(loss) before income tax | | 12,425 | (17,893) |
| Income tax benefit | 4 | 39,528 | 5,368 |
| Profit/(loss) after tax | | 51,953 | (12,525) |
| Other comprehensive income for the year | | | |
| Other comprehensive income | | - | - |
| Total comprehensive income/(loss) for the year | | 51,953 | (12,525) |

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

GOENERGY INSTALLATIONS PTY LIMITED

Statement of Financial Position

As at 30 June 2014

| | Notes | 2014 \$ | 2013 \$ |
|----------------------------------|-------|---------------|-----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 5 | 694 | 100 |
| Other financial assets | 6 | 38,835 | - |
| Total Current Assets | | 39,529 | 100 |
| TOTAL ASSETS | | 39,529 | 100 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 7 | 1 | (858) |
| Other liabilities | 8 | - | 13,383 |
| Total Current Liabilities | | 1 | 12,525 |
| TOTAL LIABILITIES | | 1 | 12,525 |
| NET ASSETS | | 39,528 | (12,425) |
| EQUITY | | | |
| Issued capital | 9 | 100 | 100 |
| Retained earnings | | 39,428 | (12,525) |
| TOTAL EQUITY | | 39,528 | (12,425) |

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

GOENERGY INSTALLATIONS PTY LIMITED**Statement of Cash Flows****For the year ended 30 June 2014**

| | <i>Notes</i> | 2014 | 2013 |
|---|--------------|-----------------|-----------------|
| | | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 157,280 | - |
| Payments to suppliers and employees | | (143,996) | (18,751) |
| Net cash flows from/(used in) operating activities | | 13,284 | (18,751) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Advances from related parties | | - | 18,851 |
| Repayments of borrowings | | (12,690) | - |
| Net cash flows from/(used in) financing activities | | (12,690) | 18,851 |
| Net increase/(decrease) in cash and cash equivalents | | 594 | 100 |
| Cash and cash equivalents at beginning of period | | 100 | - |
| Cash and cash equivalents at end of period | | 694 | 100 |

The above statement of cashflows should be read in conjunction with the accompanying notes.

GOENERGY INSTALLATIONS PTY LIMITED**Statement of Changes in Equity**
For the year ended 30 June 2014

| | <i>Issued capital</i> | <i>Retained earnings</i> | <i>Total equity</i> |
|--|-----------------------|--------------------------|---------------------|
| | \$ | \$ | \$ |
| At 30 June 2012 | 100 | - | 100 |
| Total income and expense recognised directly in equity | | | |
| Profit for the year | - | (12,525) | (12,525) |
| Total recognised income and expense for the year | - | (12,525) | (12,525) |
| At 30 June 2013 | 100 | (12,525) | (12,425) |
| Total income and expense recognised directly in equity | | | |
| Profit for the year | - | 51,953 | 51,953 |
| Total recognised income and expense for the year | - | 51,953 | 51,953 |
| At 30 June 2014 | 100 | 39,428 | 39,528 |

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

Notes to the Financial Statements

For the year ended 30 June 2014

1 CORPORATE INFORMATION

The financial report of GoEnergy Installations Pty Limited for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the director on 1 May 2015.

GoEnergy Installations Pty Limited is a company limited by shares incorporated and domiciled in Australia.

The nature of the operations and principal activities of the company are described in the director's report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a special-purpose financial report, which has been prepared at the request of the Board of Directors. The accounting policies used in the preparation of this report, as described below, are in the opinion of the director, appropriate to meet the needs of users. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

The disclosure requirements of Accounting Standards and other financial reporting requirements in Australia do not have mandatory applicability to GoEnergy Installations Pty Limited in relation to the year ended 30 June 2014 because it is not a "reporting entity". However, the director has prepared the financial report in accordance with Accounting Standards and other financial reporting requirements in Australia.

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(i) Judgements

In the process of applying the Company's accounting policies, management has made judgements which have been included in the relevant notes of this financial report.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimate uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(iii) Going concern

The financial report has been prepared on a going concern basis as there is financial support confirmed by the company's parent entity.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Significant accounting judgements, estimates and assumptions

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance or the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenue from the provision of management services are recognised when the services are rendered.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

(d) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Income tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Notes to the Financial Statements (continued)**For the year ended 30 June 2014****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(e) Income tax (continued)**

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(g) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(h) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(i) New accounting standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 period.

The Director's assessment of the impact of these new standards and interpretations is that they will result in no changes to the amounts recognised in the financial statements, but may impact the type of information disclosed in the financial statements.

(j) Intercompany loans

Intercompany balances are recognised at cost. They are payable on demand and are not subject to interest unless specifically agreed otherwise.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|--|----------------------|----------------------|
| 3 REVENUE AND EXPENSES | | |
| <i>Revenue and Expenses from Continuing Operations</i> | | |
| (a) Other income | | |
| Gain on transfer of WIP | 144,187 | - |
| | <u>144,187</u> | <u>-</u> |
| (b) Other expenses | | |
| Merchant and bank fees | 192 | - |
| Utilities | 5,532 | - |
| Office expenses | 45 | - |
| Management and consulting | 46,118 | 12,928 |
| Other expenses | 602 | 847 |
| Total other expenses | <u>52,489</u> | <u>13,775</u> |

4 INCOME TAX

Major components of income tax expense for the years ended 30 June 2014 and 30 June 2013 are:

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2014 and 30 June 2013 is as follows:

| | | |
|---|------------------------|-----------------------|
| Accounting profit before income tax | 12,425 | (17,893) |
| At the statutory income tax rate of 30% (2013: 30%) | 3,728 | (5,368) |
| Non-allowable items | (43,256) | - |
| Income tax expense | <u>(39,528)</u> | <u>(5,368)</u> |
| Effective income tax rate | 0% | 30% |
| Income tax expense reported in the income statement | (39,528) | (5,368) |

Tax consolidation

GoEnergy Installations Pty Limited is a 100% owned subsidiary of Urban Group Energy Holdings Pty Ltd and is a part of a tax consolidated group.

Urban Group Energy Holdings Pty Ltd is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis.

In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|---|---------------|-----------------|
| 5 CASH AND CASH EQUIVALENTS | | |
| Cash in hand | 100 | 100 |
| Cash at bank | 594 | - |
| | <u>694</u> | <u>100</u> |
| Cash at bank earns interest at floating rates based on daily bank deposit rates. | | |
| Reconciliation of cash | | |
| For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following: | | |
| Cash in hand | 100 | 100 |
| Cash at bank | 594 | - |
| | <u>694</u> | <u>100</u> |
| Reconciliation from the net profit after tax to the net cash flows from operations | | |
| Net profit/(loss) | 51,953 | (12,525) |
| <i>Changes in assets and liabilities</i> | | |
| (Decrease)/increase in trade and other creditors | (38,669) | (6,226) |
| Net cash flow from/(used in) operating activities | <u>13,284</u> | <u>(18,751)</u> |
| 6 OTHER FINANCIAL ASSETS | | |
| Current | | |
| Intercompany loans | 38,835 | - |
| | <u>38,835</u> | <u>-</u> |
| 7 TRADE AND OTHER PAYABLES (CURRENT) | | |
| Trade creditors | - | 888 |
| Goods and services tax | 1 | (1,746) |
| | <u>1</u> | <u>(858)</u> |
| Trade payables are non-interest bearing and are normally settled on 7-30 day terms. Other creditors are non-interest bearing and have an average term of 30 days. | | |
| 8 OTHER LIABILITIES | | |
| Current | | |
| Intercompany loans | - | 13,383 |
| | <u>-</u> | <u>13,383</u> |

Notes to the Financial Statements (continued)**For the year ended 30 June 2014**

| | 2014 \$ | 2013 \$ |
|--------------------------------------|------------|------------|
| 9 ISSUED CAPITAL AND RESERVES | | |
| (a) Ordinary shares | | |
| Ordinary shares | 100 | 100 |
| | <u>100</u> | <u>100</u> |
| <i>(i) Ordinary shares</i> | | |
| Issued and fully paid ORD shares | 100 | 100 |
| | <u>100</u> | <u>100</u> |

Fully paid ORD shares carry one vote per share and carry the right to dividends.

(b) Capital management

Management controls the capital of the Company in order to provide the shareholders with adequate returns and to ensure the Company can fund its operations and continue as a going concern.

There are no externally imposed capital requirements on the Company.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of working capital, distributions to shareholders and share issues.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2014 and 30 June 2013.

10 COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies as at 30 June 2014 or 30 June 2013.

11 EVENTS AFTER BALANCE DATE

On 26th of August 2014, Goenergy Installations became subject to an acquisition by Solco Limited. The transaction settled on 23 February 2015. There were no other subsequent events.

Directors' Declaration

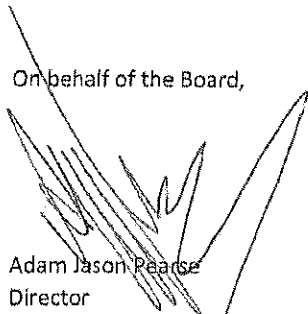
As detailed in Note 2, in the opinion of the Director, the Company is not a reporting entity. As such, it is unlikely there are users of the financial report who are unable to request the preparation of reports tailored so as to satisfy their information needs.

In the opinion of the directors:

(a) The financial statements and notes of the company:

- (i) Present fairly the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) Comply with Accounting Standards as detailed in Note 2; and
- (iii) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Adam Jason Pearce
Director

Sydney, 1 May 2015

Independent Auditor's Report

To the Directors of GOEnergy Installations Pty Limited

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of GOEnergy Installations Pty Limited (the "Company"), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and 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.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the financial reporting requirements of the Board of Directors and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that is fairly presented in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with appropriate independence requirements. We have given to the directors of the Company a written Auditors Independence Declaration, a copy of which is included in the financial report.


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Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of GOEnergy Installations Pty Limited as of 30 June 2014 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist the Board of Directors of GOEnergy Installations Pty Limited, as a result, the financial report may not be suitable for another purpose.


.....
Matthew Moore
Registered Company Auditor

Dated 1 May 2015

CO2 GLOBAL EXPORTS AUSTRALIA PTY LTD

ABN 88 140 158 041

ANNUAL FINANCIAL REPORT
For the year ended 30 June 2014

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Directors' Report

The director submits CO2 Global Exports Australia Pty Ltd's ('the company') report for the year ended 30 June 2014.

DIRECTORS

The details of the company's director in office during the financial year and until the date of this report is as follows. The director was in office for this entire period.

- Adam Jason Pearce

Adam Jason Pearce also held a position of a company secretary since the date of appointment until the date of this report.

DIVIDENDS

There were no dividends paid or declared from the beginning of the financial period to the date of signing of this report (2013: nil).

CORPORATE INFORMATION

CO2 Global Exports Australia Pty Ltd is a company limited by shares that is incorporated and domiciled in New South Wales, Australia.

The registered office of the company is: C/- LWM Group, Level 1, 106 Erina Street, Gosford NSW 2250.

The company had no employees at 30 June 2014 (2013: no employees).

PRINCIPAL ACTIVITIES

The company did not undertake any major activities during the financial periods presented in this financial report.

OPERATING RESULTS FOR THE YEAR

The profit/(loss) after tax of the company for the year ended 30 June 2014 was \$9,483 (2013: -\$2,412).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The company changed its name from Imetro Pty Limited to CO2 Global Exports Australia Pty Limited during the financial period presented in this financial report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 26th of August 2014, CO2 Global Exports Australia Pty Ltd became subject to an acquisition by Solco Limited. On 23 February 2015 the transaction has settled. There were no other subsequent events.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

CO2 GLOBAL EXPORTS AUSTRALIA PTY LTD

Directors' Report

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is not subject to any particular or significant environmental regulation under the law.

SHARE OPTIONS

No option to shares in the company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums to insure the officers of the company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company.

The total amount of insurance contract premiums paid by the parent entity Urban Group Energy Holdings Pty Ltd, covering all subsidiaries was \$120,000.

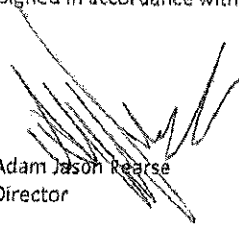
PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor. A copy has been included on page 5 of the report.

Signed in accordance with a resolution of the directors.



Adam Jason Rearse
Director


Sydney, 1 May 2015

Auditor's Independence Declaration

To the Directors of CO2 Global Exports Australia Pty Limited

As engagement partner for the audit of CO2 Global Exports Australia Pty Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Matthew Moore
Registered Company Auditor

Dated *1 May 2015*

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CO2 GLOBAL EXPORTS AUSTRALIA PTY LTD

Statement of Comprehensive Income

For the year ended 30 June 2014

| | Notes | 2014 \$ | 2013 \$ |
|--|-------|--------------|----------------|
| Continuing operations | | | |
| Sale of goods | | - | - |
| Revenue | | - | - |
| Cost of sales | | - | - |
| Gross profit | | - | - |
| Other income | 3(a) | 18,315 | - |
| Depreciation expense | 3(b) | (1,285) | (1,285) |
| Other expenses | 3(c) | (7,547) | (1,127) |
| Profit/(loss) before income tax | | 9,483 | (2,412) |
| Income tax (expense)/benefit | 4 | - | - |
| Profit/(loss) after tax | | 9,483 | (2,412) |
| Other comprehensive income for the year | | | |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 9,483 | (2,412) |

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

CO2 GLOBAL EXPORTS AUSTRALIA PTY LTD**Statement of Financial Position****As at 30 June 2014**

| | Notes | 2014 \$ | 2013 \$ |
|----------------------------------|-------|----------------|-----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 5 | 244 | 692 |
| Trade and other receivables | 6 | 438 | - |
| Total Current Assets | | 682 | 692 |
| Non-current Assets | | | |
| Property, plant and equipment | 7 | 1 | 1,286 |
| Total Non-current Assets | | 1 | 1,286 |
| TOTAL ASSETS | | 683 | 1,978 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 8 | 2,040 | 1,464 |
| Other liabilities | 9 | 1,214 | 12,568 |
| Total Current Liabilities | | 3,254 | 14,032 |
| TOTAL LIABILITIES | | 3,254 | 14,032 |
| NET ASSETS | | (2,571) | (12,054) |
| EQUITY | | | |
| Issued capital | 10 | 1,000 | 1,000 |
| Retained earnings | | (3,571) | (13,054) |
| TOTAL EQUITY | | (2,571) | (12,054) |

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

CO2 GLOBAL EXPORTS AUSTRALIA PTY LTD**Statement of Cash Flows****For the year ended 30 June 2014**

| | <i>Notes</i> | <i>2014</i> | <i>2013</i> |
|---|--------------|----------------|----------------|
| | | <i>\$</i> | <i>\$</i> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (7,668) | (1,197) |
| Net cash flows from/(used in) operating activities | | (7,668) | (1,197) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Debt forgiveness from a related party | | 18,574 | - |
| Repayments of borrowings | | (11,354) | 889 |
| Net cash flows from/(used in) financing activities | | 7,220 | 889 |
| Net increase/(decrease) in cash and cash equivalents | | (448) | (308) |
| Cash and cash equivalents at beginning of period | | 692 | 1,000 |
| Cash and cash equivalents at end of period | | 244 | 692 |

The above statement of cashflows should be read in conjunction with the accompanying notes.

CO2 GLOBAL EXPORTS AUSTRALIA PTY LTD**Statement of Changes in Equity**
For the year ended 30 June 2014

| | <i>Issued capital</i> | <i>Retained earnings</i> | <i>Total equity</i> |
|--|-----------------------|--------------------------|---------------------|
| | \$ | \$ | \$ |
| At 30 June 2012 | 1,000 | (10,642) | (9,642) |
| Total income and expense recognised directly in equity | | | |
| Profit for the year | - | (2,412) | (2,412) |
| Total recognised income and expense for the year | - | (2,412) | (2,412) |
| At 30 June 2013 | 1,000 | (13,054) | (12,054) |
| Total income and expense recognised directly in equity | | | |
| Profit for the year | - | 9,483 | 9,483 |
| Total recognised income and expense for the year | - | 9,483 | 9,483 |
| At 30 June 2014 | 1,000 | (3,571) | (2,571) |

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

Notes to the Financial Statements

For the year ended 30 June 2014

1 CORPORATE INFORMATION

The financial report of CO2 Global Exports Australia Pty Ltd for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the director on 1 May 2015.

CO2 Global Exports Australia Pty Ltd is a company limited by shares incorporated and domiciled in Australia.

The nature of the operations and principal activities of the company are described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a special-purpose financial report, which has been prepared at the request of the Board of Directors. The accounting policies used in the preparation of this report, as described below, are in the opinion of the director, appropriate to meet the needs of users. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

The disclosure requirements of Accounting Standards and other financial reporting requirements in Australia do not have mandatory applicability to CO2 Global Exports Australia Pty Ltd in relation to the year ended 30 June 2014 because it is not a "reporting entity". However, the director has prepared the financial report in accordance with Accounting Standards and other financial reporting requirements in Australia.

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(i) Judgements

In the process of applying the Company's accounting policies, management has made judgements, which are disclosed in relevant notes of this financial report.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimate uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(iii) Going concern

The financial report has been prepared on a going concern basis as there is financial support confirmed by the company's parent entity.

Notes to the Financial Statements (continued)**For the year ended 30 June 2014****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(b) Significant accounting judgements, estimates and assumptions***Impairment of non-financial assets*

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance or the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenue from the provision of management services are recognised when the services are rendered.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Income statement.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

(d) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

(e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

Notes to the Financial Statements (continued)**For the year ended 30 June 2014****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(f) Income tax***Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Notes to the Financial Statements (continued)**For the year ended 30 June 2014****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(f) Income tax (continued)**

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(i) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(k) New accounting standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 period.

The Director's assessment of the impact of these new standards and interpretations is that they will result in no changes to the amounts recognised in the financial statements, but may impact the type of information disclosed in the financial statements.

(l) Intercompany loans

Intercompany balances are recognised at cost. They are payable on demand and are not subject to interest unless specifically agreed otherwise.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|--|---------------|--------------|
| 3 REVENUE AND EXPENSES | | |
| <i>Revenue and Expenses from Continuing Operations</i> | | |
| (a) Other Income | | |
| Debt forgiven by Urban Group Energy Holdings Pty Ltd (related party) | 18,315 | - |
| Total other income | 18,315 | - |
| (b) Depreciation expense | | |
| Depreciation of non-current assets | | |
| Office Equipment | 1,285 | 1,285 |
| Total depreciation of non-current assets | 1,285 | 1,285 |
| (c) Other expenses | | |
| Merchant and bank fees | 578 | 507 |
| Utilities | 633 | 366 |
| Office expenses | 236 | 254 |
| Management and consulting | 6,100 | - |
| Total other expenses | 7,547 | 1,127 |

4 INCOME TAX

Major components of Income tax expense for the years ended 30 June 2014 and 30 June 2013 are:

A reconciliation of Income tax expense applicable to accounting profit before Income tax at the statutory income tax rate to Income tax expense at the company's effective income tax rate for the years ended 30 June 2014 and 30 June 2013 is as follows:

| | | |
|---|----------|----------|
| Accounting profit before income tax | 9,483 | (2,412) |
| At the statutory income tax rate of 30% (2013: 30%) | 2,845 | (724) |
| Non-allowable items | (2,845) | 724 |
| Income tax expense | - | - |
| Effective Income tax rate | 0% | 0% |

Tax consolidation

CO2 Global Exports Australia Pty Ltd is a 100% owned subsidiary of Urban Group Energy Holdings Pty Ltd and is a part of a tax consolidated group.

Urban Group Energy Holdings Pty Ltd is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate Income tax expense to the wholly owned subsidiaries on a pro-rata basis.

In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|---|----------------|----------------|
| 5 CASH AND CASH EQUIVALENTS | | |
| Cash in hand | 1,000 | 1,000 |
| Cash at bank | (756) | (308) |
| | <u>244</u> | <u>692</u> |
| Cash at bank earns interest at floating rates based on daily bank deposit rates. | | |
| Reconciliation of cash | | |
| For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following: | | |
| Cash in hand | 1,000 | 1,000 |
| Cash at bank | (756) | (308) |
| | <u>244</u> | <u>692</u> |
| Reconciliation from the net profit after tax to the net cash flows from operations | | |
| Net profit/(loss) | 9,483 | (2,412) |
| <i>Adjustments for:</i> | | |
| Depreciation | 1,285 | 1,285 |
| <i>Changes in assets and liabilities</i> | | |
| (Decrease)/increase in trade and other creditors | (18,436) | (70) |
| Net cash flow from/(used in) operating activities | <u>(7,668)</u> | <u>(1,197)</u> |
| 6 TRADE AND OTHER RECEIVABLES (CURRENT) | | |
| Trade receivables | 438 | - |
| | <u>438</u> | <u>-</u> |
| Trade receivables are non-interest bearing and are generally on 7-60 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. | | |
| 7 PROPERTY, PLANT AND EQUIPMENT | | |
| <i>Office equipment</i> | | |
| At cost | 13,463 | 13,463 |
| Accumulated depreciation | (13,462) | (12,177) |
| Net carrying amount | <u>1</u> | <u>1,286</u> |
| 8 TRADE AND OTHER PAYABLES (CURRENT) | | |
| Trade creditors | 2,048 | 1,464 |
| Goods and services tax | (8) | - |
| | <u>2,040</u> | <u>1,464</u> |

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|---|--------------|---------------|
| Trade payables are non-interest bearing and are normally settled on 7-30 day terms. Other creditors are non-interest bearing and have an average term of 30 days. | | |
| 9 OTHER LIABILITIES | | |
| Current | | |
| Intercompany loans | 1,214 | 12,568 |
| | <u>1,214</u> | <u>12,568</u> |

10 ISSUED CAPITAL AND RESERVES**(a) Ordinary shares**

| | | |
|---------------------------------------|--------------|--------------|
| Ordinary shares | 1,000 | 1,000 |
| | <u>1,000</u> | <u>1,000</u> |
| <i>(i) Ordinary shares</i> | | |
| Issued and fully paid ordinary shares | 1,000 | 1,000 |
| | <u>1,000</u> | <u>1,000</u> |

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Capital management

Management controls the capital of the Company in order to provide the shareholders with adequate returns and to ensure the Company can fund its operations and continue as a going concern.

There are no externally imposed capital requirements on the Company.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of working capital, distributions to shareholders and share issues.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2014 and 30 June 2013.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

11 COMMITMENTS AND CONTINGENCIES

There were no commitments or contingencies as at 30 June 2014 or 30 June 2013.

12 EVENTS AFTER BALANCE DATE

On 26th of August 2014, CO2 Global Exports Australia Pty Ltd became subject to an acquisition by Solco Limited. On 23 February 2015 the transaction has settled. There were no other subsequent events.

Directors' Declaration

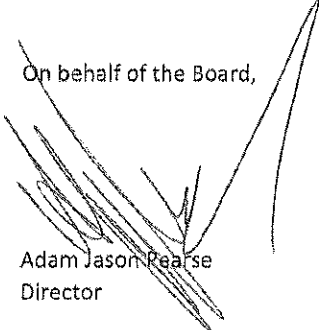
As detailed in Note 2, in the opinion of the Director, the Company is not a reporting entity. As such, it is unlikely there are users of the financial report who are unable to request the preparation of reports tailored so as to satisfy their information needs.

In the opinion of the directors:

(a) The financial statements and notes of the company:

- (i) Present fairly the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) Comply with Accounting Standards as detailed in Note 2; and
- (iii) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Adam Jason Pearce
Director

Sydney, 1 May 2015

Independent Auditor's Report

To the Directors of CO2 Global Exports Australia Pty Limited

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of CO2 Global Exports Australia Pty Limited (the "Company"), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and 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.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the financial reporting requirements of the Board of Directors and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that is fairly presented in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with appropriate independence requirements. We have given to the directors of the Company a written Auditors Independence Declaration, a copy of which is included in the financial report.

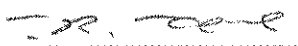
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Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of CO2 Global Exports Australia Pty Limited as of 30 June 2014 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist the Board of Directors of CO2 Global Exports Australia Pty Limited, as a result, the financial report may not be suitable for another purpose.


.....
Matthew Moore
Registered Company Auditor

Dated 1 May 2015

GOENERGY PTY LTD
formerly
JACKGREEN INTERNATIONAL PTY LTD
A.C.N. 097 708 104

**AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GOENERGY PTY LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:-

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Stannards Accountants & Advisors
Stannards Accountants & Advisors


Nicole L. Postan
Partner

Dated *30 October 2012*



**Independent Audit Report
To The Members of GoEnergy Pty Ltd**

Report on the financial report

We have audited the accompanying special purpose financial report of GoEnergy Pty Ltd, which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

The responsibility of the Directors for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity'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.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the Corporation Act 2001. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of GoEnergy Pty Ltd would be in the same terms if provided to the directors as at the date of this auditor's report.

Audit Opinion

In our opinion, the financial report is presented fairly in accordance with the Corporations Act 2001 as at 30 June 2012.

Material Uncertainty Regarding Continuation as a Going Concern

There is uncertainty about whether the company will continue to operate as a going concern. Additional energy licences have been acquired and the directors of the company believe the company will become profitable, generate positive cashflows and hence be able to pay debts as and when they become due and payable.

Stannards Accountants & Advisors
Stannards Accountants & Advisors
Nicole L Postan
Nicole L Postan
Partner

Dated: 30 October 2012

Stannards Accountants and Advisors Pty Ltd
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Liability limited by a scheme approved under Professional Standards Legislation

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Nicole Postan, CA
Peter Angelini, CA

GOENERGY PTY LTD

Declaration by Directors

As detailed in Note 1 to the financial report, the Company is not a reporting entity because in the directors' opinion, there is unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. This financial report is therefore a "Special Purpose Financial Report" that has been prepared solely for the directors and members of the Company.

1. The directors of the Company declare that:-

- (i) The financial statements and notes present fairly the Company's financial position as at 30 June 2012 and its performance for the year ended on that date; and
- (ii) At the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay their debts as and when they become due and payable.

On behalf of the Board


Director

Director

Dated: 29 October 2012

GOENERGY PTY LTD

Statement of Comprehensive Income for the Financial Year Ended 30 June 2012

| | Note | 2012 \$ | 2011 \$ |
|--|------|------------|-------------|
| Sales Revenue (net) | | - | - |
| Other Income | 3 | - | 6,987,043 |
| Administrators fees | | - | (749,087) |
| Bad debts | | - | (2,255,112) |
| Debt forgiveness – related parties | | - | (4,000,175) |
| Professional Fees | | - | (7,186) |
| Other Costs | | - | (222,015) |
| Profit/(Loss) before Income Tax | | - | (248,531) |
| Income Tax | 2 | - | (5,743) |
| Profit/(Loss) for the Year | | - | (252,274) |
| Other comprehensive (loss) income for the year net of tax | | - | - |
| Total comprehensive profit/(loss) income attributable to members of the parent entity | | - | (252,274) |

The statement of comprehensive income should be read in conjunction with the notes to and forming part of the accounts.

GOENERGY PTY LTD

Statement of Financial Position as at 30 June 2012

| | Note | 2012 \$ | 2011 \$ |
|--------------------------------------|------|--------------|--------------|
| Current Assets | | | |
| Cash and cash equivalents | 4 | - | - |
| Trade and other receivables | 12 | - | - |
| Other Assets | 5 | - | - |
| Total Current Assets | | - | - |
| Non Current Assets | | | |
| Intangibles | 6 | - | - |
| Deferred tax asset | 7 | - | - |
| Total Non Current Assets | | - | - |
| Total Assets | | - | - |
| Current Liabilities | | | |
| Provisions | 8 | - | - |
| Trade and other payables | 9 | - | - |
| Total Current Liabilities | | - | - |
| Non Current Liabilities | | | |
| Borrowings | 10 | - | - |
| Deferred Tax Liability | 7 | - | - |
| Provisions | 8 | - | - |
| Total Non Current Liabilities | | - | - |
| Total Liabilities | | - | - |
| Net Assets | | - | - |
| Equity | | | |
| Issued Capital | 11 | 32,373,609 | 32,373,609 |
| Reserves | 13 | - | - |
| Accumulated losses | | (32,373,609) | (32,373,609) |
| Total Equity | | - | - |

The statement of financial position should be read in conjunction with the notes to and forming part of the accounts.

GOENERGY PTY LTD**Statement of Changes in Equity
as at 30 June 2012**

| | Share Capital | Accumulated Losses | Reserves | Total |
|---|------------------|-----------------------|--------------|-----------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2010 | 32,373,609 | (42,207,787) | 10,086,452 | 252,274 |
| (Loss) attributable to members | - | (252,274) | - | (252,274) |
| Transfer between reserves on realisation of assets and liabilities | - | 10,086,452 | (10,086,452) | - |
| Balance at 30 June 2011 | 32,373,609 | (32,373,609) | - | - |
| Profit (Loss) attributable to members | - | - | - | - |
| Balance at 30 June 2012 | 32,373,609 | (32,373,609) | - | - |

The statement of changes in equity should be read in conjunction with the
notes to and forming part of the accounts.

GOENERGY PTY LTD

Statement of Cash Flows for the Financial Year Ended 30 June 2012

| | 2012 \$ | 2011 \$ |
|--|------------|--------------|
| Cash Flows from Operating Activities (see note 1 below) | | |
| Receipts from customers | - | 4,619,445 |
| Payments to suppliers and employees | - | (2,169,390) |
| Borrowing Costs | - | - |
| | - | (2,450,055) |
| Cash Flows from Investing Activities | | |
| Decrease in other assets | - | 1,339,328 |
| | - | 1,339,328 |
| Cash Flows from Financing Activities | | |
| Long term borrowings raised (repaid) | - | - |
| | - | - |
| Net Increase/(Decrease) in Cash held | - | (1,110,727) |
| Cash at the beginning of the financial year | - | 1,110,727 |
| Cash at the end of the financial year | - | - |
| 1. Reconciliation of operating result after income tax to net cash provided by operating activities | | |
| Operating profit/(loss) before income tax | - | (246,531) |
| Add back non-cash items: | | |
| - Loans forgiven | - | 4,000,175 |
| | - | 3,753,644 |
| Change in operating assets and liabilities: | | |
| - (Increase)/ decrease in trade and other receivables | - | 19,289,851 |
| - (Decrease)/Increase in Provisions | - | (285,239) |
| - (Decrease) in trade and other payables | - | (10,537,905) |
| Net cash (used in) operating activities | - | (2,450,055) |

**Notes To and Forming Part of the Accounts
for the Financial Year Ended 30 June 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a special purpose financial report prepared to satisfy the financial preparation requirements of the Corporations Act 2001. The Directors have determined that the Company are not reporting entities for the purposes of this engagement and the report thereto.

GoEnergy Pty Ltd is a private company, limited by shares, incorporated and domiciled in Australia.

a) Basis of Preparation

The report has been prepared in accordance with the requirements of the Corporations Act 2001, and the following applicable Australian Accounting Standards and Accounting Interpretations:

| | |
|------------|--|
| AASB 108: | Accounting Policies, Changes in Accounting Estimates and Errors; |
| AASB 110: | Events after the Balance Sheet Date; |
| AASB 117: | Leases; |
| AASB 1031: | Materiality; |
| AASB 1048: | Interpretation and Applicable Standards |

The disclosure requirements of other Accounting Standards, Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have not been applied.

Reporting Basis and Conventions

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

The following is a summary of the material policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

b) Taxation

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

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

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

Deferred income tax assets are recognised to the extent that future benefits are expected to be available to deduct against temporary differences. Tax losses are recognised based on the assumption that no adverse change in income tax legislation will occur impacting future deductibility of those losses.

**Notes To and Forming Part of the Accounts
for the Financial Year Ended 30 June 2012 (cont'd)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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 the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of settling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

**Notes To and Forming Part of the Accounts
for the Financial Year Ended 30 June 2012 (cont'd)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) Financial Instruments (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held to maturity investments

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Any held to maturity investments held by the Company are stated at amortised cost using the effective interest rate method.

Available for sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the Income statement unless they are designated as hedges.

GoEnergy Pty Ltd designate certain derivatives as either:-

- i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- ii) hedges of highly probably forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

(i) Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedge asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Income statement.

Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

**Notes To and Forming Part of the Accounts
for the Financial Year Ended 30 June 2012 (cont'd)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) Financial Instruments (cont'd)

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

e) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

g) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financial activities, which are disclosed as operating cash flows.

**Notes To and Forming Part of the Accounts
for the Financial Year Ended 30 June 2012 (cont'd)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i) Critical Accounting Estimates and Judgements

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

Key estimates – Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment triggers exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

ii) Comparative Figures

Comparative figures have been restated where necessary to comply with current year presentation of the financial statements.

**Notes To and Forming Part of the Accounts
for the Year Ended 30 June 2012 (cont'd)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing 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. 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;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

**Notes To and Forming Part of the Accounts
for the Year Ended 30 June 2012 (cont'd)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k) New Accounting Standards for Application in Future Periods

- AASB 1053: Applications of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements.

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements for Tier 1, but contains significantly fewer disclosure requirements.

Management believes that the Company qualifies for the reduced disclosure requirements for Tier 2 entities. However, it is yet to determine whether to adopt the reduced disclosure requirements.

- AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Company.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interest in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Company has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

**Notes To and Forming Part of the Accounts
for the Year Ended 30 June 2012 (cont'd)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k) New Accounting Standards for Application in Future Periods

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either 'joint operations' (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or 'joint ventures' (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Company.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Company.

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the Company.

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Company.

**Notes To and Forming Part of the Accounts
for the Year Ended 30 June 2012 (cont'd)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k) New Accounting Standards for Application in Future Periods

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Company does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to:

- require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
- the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:
 - (i) for an offer that may be withdrawn – when the employee accepts;
 - (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
 - (iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Company has not yet been able to reasonably estimate the impact of these changes to AASB 119.

GOENERGY PTY LTD

**Notes To and Forming Part of the Accounts
for the Financial Year Ended 30 June 2012 (Cont'd)**

| | 2012 \$ | 2011 \$ |
|--|-------------|-------------|
| 2. INCOME TAX | | |
| a) The prima facie income tax expense / (benefit) on pre-tax accounting profit/(loss) reconciles to the income tax expense/(benefit) in the accounts as follows: | | |
| Operating profit/(loss) | - | (246,531) |
| Income tax expense / (benefit) calculated at 30% of operating profit/(loss) | - | (73,959) |
| Non Deductible Items | - | |
| Tax Losses and temporary differences which have not been recognised | - | 79,702 |
| Income tax expense / (benefit) on operating profit/(loss) | - | 5,743 |
| 3. PROFIT AND LOSS | | |
| The operating result for the year has been determined after: | | |
| Crediting as Income | | |
| Other Income | - | 6,987,043 |
| Charging as Expenses | | |
| Administrators Fees | - | 749,087 |
| Debt forgiveness – related parties | - | 4,000,175 |
| Professional Fees | - | 7,185 |
| 4. CASH AND CASH EQUIVALENTS | | |
| Cash at bank and in hand | - | - |
| 5. OTHER ASSETS | | |
| Current | | |
| Security Deposits | - | - |
| Accrued Revenue | - | - |
| | - | - |
| 6. INTANGIBLES | | |
| Energy Licences- valuation (i) | 9,500,000 | 9,500,000 |
| Impairment | (9,500,000) | (9,500,000) |
| | - | - |
| (i) Provided for in full in 2010 based on recoverable value assessment | | |

GOENERGY PTY LTD

Notes To and Forming Part of the Accounts for the Financial Year Ended 30 June 2012 (Cont'd)

| | 2012 \$ | 2011 \$ |
|------------------------------------|------------|------------|
| 7. DEFERRED TAX | | |
| Deferred tax asset | - | - |
| Deferred tax liability | - | - |
| 8. PROVISIONS | | |
| Current | | |
| Employee Entitlements | - | - |
| Non-Current | | |
| Employee Entitlements | - | - |
| 9. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Trade and other payables | - | - |

Significant Terms and Conditions

Trade and Sundry creditors are generally settled within 30 days. The Board considers the carrying amounts of these items and loans approximate their net fair values.

| | 2010 \$ | 2009 \$ |
|--|------------|------------|
| 10. BORROWINGS | | |
| Non Current | | |
| Loans -- related parties | - | - |
| 11. ISSUED CAPITAL | | |
| Issued capital | | |
| Ordinary shares | 32,373,609 | 32,373,609 |
| 12. TRADE AND OTHER RECEIVABLES | | |
| Trade and Sundry Debtors | - | - |
| Loans- related parties | - | - |

Net Fair Values

The Board considers that the carrying amount of all receivables approximate their net fair values.

Significant Terms and Conditions

Trade and sundry debtors are required to be settled within 60 days.

Credit Risk

The Company does not have any significant exposure to any individual customer or counterparty.

GOENERGY PTY LTD

Notes To and Forming Part of the Accounts for the Financial Year Ended 30 June 2012(Cont'd)

| | 2012 \$ | 2011 \$ |
|---------------------------|------------|------------|
| 13. RESERVES | | |
| Hedge Reserve | - | - |
| Asset Revaluation Reserve | - | - |

14. SEGMENTAL REPORTING

The Company's principal activities this year were as 'renewable' energy retailer and large creator of carbon credits.

15. CORPORATE DETAILS

The company is incorporated and domiciled in Australia. Its registered office and principal place of business is Level 5, 52 William Street, East Sydney, New South Wales.

16. SIGNIFICANT EVENTS DURING THE YEAR

During the year, the shareholding of Jackgreen International Pty Ltd changed and consequently the company changed its name. During the current financial year, the company did not trade. Subsequent to 30 June 2012, two additional energy certificates have been purchased and trading is expected to commence in October 2012.

GOENERGY PTY LTD
A.C.N. 097 708 104

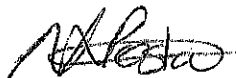
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2013

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GOENERGY PTY LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there have been:-

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Stannards Accountants & Advisors
Stannards Accountants & Advisors



Nicole L Postan
Partner

Dated *22 May 2014*

Independent Audit Report
To The Members of GoEnergy Pty Ltd

Report on the financial report

We have audited the accompanying special purpose financial report of GoEnergy Pty Ltd, which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

The responsibility of the Directors for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity'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.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the Corporation Act 2001. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of GoEnergy Pty Ltd would be in the same terms if provided to the directors as at the date of this auditor's report.

Audit Opinion

In our opinion, the financial report of GoEnergy Pty Ltd is in accordance with the Corporations Act, including:

- a. giving a fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b. complying with Australian Accounting Standards to the extent described in Note 1.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Stannards Accountants & Advisers
Stannards Accountants & Advisers

Nicole L Postan

Nicole L Postan
Partner

Dated: 22 May 2014

Stannards Accountants and Advisers Pty Ltd
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Partners

Marino Angelini, CA
Michael Shulman, CA
Nello Traficante, CPA
Jason Wall, CA
Nicole Postan, CA
Peter Angelini, CA

GOENERGY PTY LTD

Declaration by Directors

As detailed in Note 1 to the financial report, the Company is not a reporting entity because in the directors' opinion, there is unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. This financial report is therefore a "Special Purpose Financial Report" that has been prepared solely for the directors and members of the Company.

1. The directors of the Company declare that:-

- (i) The financial statements and notes present fairly the Company's financial position as at 30 June 2013 and its performance for the year ended on that date; and
- (ii) At the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay their debts as and when they become due and payable.

On behalf of the Board

Director


ADAM PEARCE

Director

Dated:

21-5-14.

GOENERGY PTY LTD

Statement of Comprehensive Income for the Financial Year Ended 30 June 2013

| | Note | 2013 \$ | 2012 \$ |
|---|------|--------------------|------------|
| Sales Revenue (net) | | 83,632 | - |
| Other Income | 3 | 2,499 | - |
| Advertising and marketing expenses | | (98,599) | - |
| Commission paid | | (18,583) | - |
| Consulting | | (515,140) | - |
| Depreciation and amortisation | | (37,396) | - |
| Employment expenses | | (111,096) | - |
| Legal fees | | (48,058) | - |
| Licence and registrations fees | | (277,241) | - |
| Management fees | | (610,720) | - |
| Rent and related expenses | | (58,642) | - |
| Repairs and maintenance | | (6,691) | - |
| Travel expenses | | (29,812) | - |
| Other Costs | | (121,117) | - |
| (Loss)/Profit before Income Tax | | (1,846,914) | - |
| Income Tax benefit | 2 | 554,074 | - |
| (Loss)/Profit for the Year | | (1,292,840) | - |
| Other comprehensive (loss) income for the year net of tax | | | - |
| Total comprehensive (loss)/ profit income attributable to members of the parent entity | | (1,292,840) | - |

The statement of comprehensive income should be read in conjunction with the notes to and forming part of the accounts.

GOENERGY PTY LTD

**Statement of Financial Position
as at 30 June 2013**

| | Note | 2013 \$ | 2012 \$ |
|--------------------------------------|------|------------------|--------------|
| Current Assets | | | |
| Cash and cash equivalents | 4 | 115,425 | - |
| Trade and other receivables | 5 | 11,657 | - |
| Other Assets | 6 | 17,193 | - |
| Total Current Assets | | 143,975 | - |
| Non Current Assets | | | |
| Other assets | 6 | 1,217,864 | - |
| Intangibles | 7 | - | - |
| Property, plant and equipment | 8 | 409,293 | - |
| Development costs | 9 | 829,297 | - |
| Total Non Current Assets | | 2,456,454 | - |
| Total Assets | | 2,600,429 | - |
| Current Liabilities | | | |
| Provisions | 10 | - | - |
| Trade and other payables | 11 | 63,269 | - |
| Total Current Liabilities | | 63,269 | - |
| Non Current Liabilities | | | |
| Borrowings | 12 | - | - |
| Provisions | 10 | - | - |
| Total Non Current Liabilities | | - | - |
| Total Liabilities | | 63,269 | - |
| Net Assets | | 2,537,160 | - |
| Equity | | | |
| Issued Capital | 12 | 36,203,609 | 32,373,609 |
| Accumulated losses | | (33,666,449) | (32,373,609) |
| Total Equity | | 2,537,160 | - |

The statement of financial position should be read in conjunction with the notes to and forming part of the accounts.

GOENERGY PTY LTD**Statement of Changes in Equity
as at 30 June 2013**

| | Share Capital | Accumulated Losses | Reserves | Total |
|---------------------------------------|--------------------------|-------------------------------|-----------------|--------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2011 | 32,373,609 | (32,373,609) | - | - |
| Profit (Loss) attributable to members | - | - | - | - |
| Balance at 30 June 2012 | 32,373,609 | (32,373,609) | - | - |
| Share capital issued | 3,830,000 | - | - | 3,830,000 |
| (Loss) Profit attributable to members | - | (1,292,840) | - | (1,292,840) |
| Balance at 30 June 2013 | 36,203,609 | (33,666,449) | - | 2,537,160 |

The statement of changes in equity should be read in conjunction with the notes to and forming part of the accounts.

GOENERGY PTY LTD

**Statement of Cash Flows
for the Financial Year Ended 30 June 2013**

| | 2013 \$ | 2012 \$ |
|--|-------------|------------|
| Cash Flows from Operating Activities (see note 1 below) | | |
| Receipts from customers | 80,338 | - |
| Payments to suppliers and employees | (1,865,437) | - |
| | (1,775,099) | - |
| Cash Flows from Investing Activities | | |
| Development costs incurred | (843,774) | - |
| Property, plant and equipment | (432,212) | - |
| | (1,275,986) | - |
| Cash Flows from Financing Activities | | |
| Long term borrowings raised (repaid) | 3,166,210 | - |
| | 3,166,210 | - |
| Net Increase/(Decrease) in Cash held | 115,125 | - |
| Cash at the beginning of the financial year | | - |
| Cash at the end of the financial year | 115,125 | - |
| 1. Reconciliation of operating result after income tax to net cash provided by operating activities | | |
| Operating (loss)/profit before income tax | (1,846,914) | - |
| Add back non-cash items: | | |
| - Depreciation and amortisation | 37,396 | - |
| Change in operating assets and liabilities: | | |
| - (Increase)/ decrease in trade and other receivables | (11,657) | - |
| - (Increase)/decrease in other assets | (17,193) | - |
| - Increase/(decrease) in trade and other payables | 63,269 | - |
| Net cash (used in) operating activities | (1,775,099) | - |

**Notes To and Forming Part of the Accounts
for the Financial Year Ended 30 June 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a special purpose financial report prepared to satisfy the financial preparation requirements of the Corporations Act 2001. The Directors have determined that the Company are not reporting entities for the purposes of this engagement and the report thereto.

GoEnergy Pty Ltd is a private company, limited by shares, incorporated and domiciled in Australia.

a) Basis of Preparation

The report has been prepared in accordance with the requirements of the Corporations Act 2001, and the following applicable Australian Accounting Standards and Accounting Interpretations:

| | |
|------------|--|
| AASB 108: | Accounting Policies, Changes in Accounting Estimates and Errors; |
| AASB 110: | Events after the Balance Sheet Date; |
| AASB 117: | Leases; |
| AASB 1031: | Materiality; |
| AASB 1048: | Interpretation and Applicable Standards |

The disclosure requirements of other Accounting Standards, Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have not been applied.

Reporting Basis and Conventions

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

The following is a summary of the material policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

b) Taxation

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the statement of financial position date.

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

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

Deferred income tax assets are recognised to the extent that future benefits are expected to be available to deduct against temporary differences. Tax losses are recognised based on the assumption that no adverse change in income tax legislation will occur impacting future deductibility of those losses.

**Notes To and Forming Part of the Accounts
for the Financial Year Ended 30 June 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property, plant and equipment are measured on the cost basis. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount of recognised as a separate asset, as appropriate, only when it is probably that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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 the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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

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

| | | |
|------------------------|---|---------------|
| Furniture and Fittings | - | 12.5% - 33.3% |
| Leasehold improvements | - | 25% |
| Computer Software | - | 25% |
| Plant and Equipment | - | 5% |

d) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of settling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

**Notes To and Forming Part of the Accounts
for the Financial Year Ended 30 June 2013 (cont'd)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) Financial Instruments (cont'd)

Financial liabilities

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

GoEnergy Pty Ltd designate certain derivatives as either:-

- i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- ii) hedges of highly probably forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

(i) Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedge asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**Notes To and Forming Part of the Accounts
for the Financial Year Ended 30 June 2013 (cont'd)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

g) Revenue

Revenue from the sale of services is recognised upon the delivery of service to customers.

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

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financial activities, which are disclosed as operating cash flows.

i) Development Costs

Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs are amortised over a systematic basis matched to the future economic benefits over the useful life of the project.

j) Critical Accounting Estimates and Judgements

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

Key estimates – Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment triggers exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

k) Comparative Figures

Comparative figures have been restated where necessary to comply with current year presentation of the financial statements.

**Notes To and Forming Part of the Accounts
for the Financial Year Ended 30 June 2013 (cont'd)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

I) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing 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. 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;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. This amendment is a consequence of the deferral of IFRS 9 to allow IASB to complete its revision of that Standard. In light of this change of mandatory effective date, the Company is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 30 June 2016. The directors anticipate that the adoption of AASB 9 and AASB 2010-7 will not have a significant impact on the Company's financial statements.

**Notes To and Forming Part of the Accounts
for the Year Ended 30 June 2013 (cont'd)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1) New Accounting Standards for Application In Future Periods cont'd

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interest in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments In Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (June 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Company does not believe this will have a significant impact on its financial statements.

- AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). This standard will not impact the Company's financial statements.
- AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Company.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

These Standards are not expected to significantly impact the Company.

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Company's financial statements.

**Notes To and Forming Part of the Accounts
for the Year Ended 30 June 2013 (cont'd)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

I) New Accounting Standards for Application in Future Periods cont'd

- AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013)

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosures (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Company's financial report as a whole.

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Company.

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
 - i. service cost and net interest expense in profit or loss; and
 - ii. remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

The directors anticipate that the application of amendments to AASB 119 will not have a material impact on the amounts reported by the Company.

- AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Company's financial statements.

**Notes To and Forming Part of the Accounts
for the Year Ended 30 June 2013 (cont'd)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) New Accounting Standards for Application in Future Periods cont'd

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

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Company's financial statements.

- AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 118: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Company's financial statements.

m) Going Concern

Notwithstanding the loss made by the company and its negative cash flows from operating activities, a going concern basis of accounting has been adopted in the preparation of this financial report. Such basis has been adopted given expected future net cash inflows to be derived from operations and ongoing financial support of the holding company, Urban Group Energy Holdings Pty Ltd.

n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligations at the end of the reporting period.

GOENERGY PTY LTD

Notes To and Forming Part of the Accounts for the Financial Year Ended 30 June 2013 (cont'd)

| | 2013 \$ | 2012 \$ |
|--|-------------|------------|
| 2. INCOME TAX | | |
| a) The prima facie income tax expense / (benefit) on pre-tax accounting profit/(loss) reconciles to the income tax expense/(benefit) in the accounts as follows: | | |
| Operating (loss)/profit | (1,846,914) | - |
| Income tax expense / (benefit) calculated at 30% of operating profit/(loss) | (554,074) | - |
| Non Deductible Items | | - |
| Tax Losses and temporary differences which have not been recognised | | - |
| Income tax expense / (benefit) on operating profit/(loss) | (554,074) | - |
| Urban Group Energy Holdings Pty Ltd and its wholly owned Australian subsidiaries, one being GoEnergy Pty Ltd formed an Income tax consolidated group under the Tax Consolidation Regime. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. The head entity is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. | | |
| 3. PROFIT AND LOSS | | |
| The operating result for the year has been determined after: | | |
| Crediting as Income | 2,499 | - |
| Other Income | | |
| Charging as Expenses | | |
| Commission paid | 18,533 | - |
| Consulting fees | 515,140 | - |
| Licence and registration fees | 277,241 | - |
| Management fees | 610,720 | - |
| Depreciation and amortisation | 37,396 | - |
| 4. CASH AND CASH EQUIVALENTS | | |
| Cash at bank and in hand | 2,917 | - |
| Term deposits | 112,208 | - |
| | 115,125 | |
| 5. TRADE AND OTHER RECEIVABLES | | |
| Trade and Sundry Debtors | 11,657 | - |
| | 11,657 | |
| 6. OTHER ASSETS | | |
| Current | | |
| Rental deposits | 17,193 | - |
| Non-Current | | |
| Loans – related parties | 1,217,864 | - |

**Notes To and Forming Part of the Accounts
for the Financial Year Ended 30 June 2013 (cont'd)**

| | 2013 \$ | 2012 \$ |
|--|----------------|-------------|
| 7. INTANGIBLES | | |
| Energy Licences- valuation (i) | 9,500,000 | 9,500,000 |
| Impairment | (9,500,000) | (9,500,000) |
| | | - |
| (i) Provided for in full in 2010 based on recoverable value assessment | | |
| 8. PROPERTY, PLANT AND EQUIPMENT | | |
| Furniture and fittings – at cost | 32,905 | - |
| Less: Accumulated depreciation | (4,340) | - |
| | 28,565 | - |
| Leasehold improvements – at cost | 66,083 | - |
| Less: Accumulated Depreciation | (10,259) | - |
| | 55,824 | - |
| Computer software – at cost | 15,000 | - |
| Less: Accumulated Depreciation | (2,486) | - |
| | 12,514 | - |
| Plant and equipment | 318,224 | - |
| Less: Accumulated depreciation | (8,834) | - |
| | 312,390 | - |
| Total property, plant and equipment | 409,293 | - |
| 9. DEVELOPMENT COSTS | | |
| Development costs | 843,774 | - |
| Less: Accumulated amortisation | (14,477) | - |
| | 829,297 | - |
| 10. PROVISIONS | | |
| Current | | |
| Employee Entitlements | | - |
| Non-Current | | |
| Employee Entitlements | | - |
| 11. TRADE AND OTHER PAYABLES | | |
| Current | | |
| Trade and other payables | 63,269 | - |
| | 63,269 | - |
| 12. ISSUED CAPITAL | | |
| Issued capital | | |
| Ordinary shares | 32,373,609 | 32,373,609 |

**Notes To and Forming Part of the Accounts
for the Financial Year Ended 30 June 2013 (cont'd)**

13. CORPORATE DETAILS

The company is incorporated and domiciled in Australia. Its principal place of business is Suite 6.05a, Glen Street, Milsons Point, New South Wales and its registered office is c/- LWM Group, Level 1, 106 Erina Street, Gosford, NSW.

14. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events occurring after the balance date which may affect either the company's operations, results of those operations or the company's state of affairs.

GOENERGY PTY LTD

ABN 14 097 708 104

ANNUAL FINANCIAL REPORT
For the year ended 30 June 2014

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Directors' Report

Your directors submit their report for the year ended 30 June 2014.

DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

- Adam Jason Pearce

DIVIDENDS**2014****2013**

Dividends paid in the year on ordinary shares

-

-

CORPORATE INFORMATION

GoEnergy Pty Ltd is a company limited by shares that is incorporated and domiciled in New South Wales, Australia.

The registered office of the company is: C/- LWM Group, Level 1, 106 Erina Street, Gosford NSW 2250.

The company employed nil staff at 30 June 2014 (2013: nil employees).

PRINCIPAL ACTIVITIES

The principal activities during the year of the entity was retail energy and power purchase services.

OPERATING AND FINANCIAL REVIEW

The 2013-14 year was a period of significant transition in business strategy, from a separate operational focus on the sales and distribution of lighting and solar products to a cohesive energy services provider, linked through activation of our electricity Retailer licences in the National Electricity Market.

The year highlighted investment in

- Development of financial products for energy services, specifically Power Purchase Agreements,
- Retail billing systems and operations
- Sales and marketing strategies, and selection of sales and installation partners.

The year ended with Go Energy well placed to execute on its short-term business strategy in the selected business segments and geographical areas.

OPERATING RESULTS FOR THE YEAR

The loss after tax of the company for the year ended 30 June 2014 was \$2,190,210 (2013: \$1,292,840).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the company during the period.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 26th of August 2014, GoEnergy Pty Ltd became subject to an acquisition by Solco Limited. Transaction is expected to be completed in December 2014.

Directors' Report

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is not subject to any particular or significant environmental regulation under the law.

SHARE OPTIONS

No option to shares in the company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums to insure the officers of the company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company.

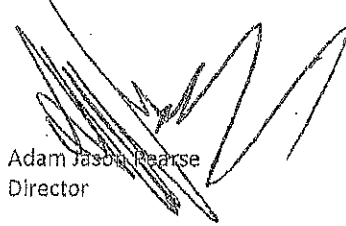
PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor. A copy has been included on page 5 of the report.

Signed in accordance with a resolution of the directors.


Adam Jason Pearce
Director

Tuesday, 14 October 2014

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GOENERGY PTY LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been:-

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Stannards Accountants & Advisors
Stannards Accountants & Advisors

Nicole L Postan

Nicole L Postan
Partner

Dated 14 October 2014

Statement of Comprehensive Income

For the year ended 30 June 2014

| | Notes | 2014 \$ | 2013 \$ |
|---|-------|--------------------|--------------------|
| Continuing operations | | | |
| Sale of goods | | 360,058 | 83,633 |
| Revenue | | 360,058 | 83,633 |
| Cost of sales | | (383,776) | - |
| Gross profit | | (23,718) | 83,633 |
| Finance income | 3(a) | 4,947 | 2,498 |
| Other income/(loss) | 3(b) | 39,287 | - |
| Depreciation and amortisation expense | 3(c) | (105,418) | (37,396) |
| Impairment of non-current assets | 3(d) | (743,113) | - |
| Other expenses | 3(e) | (2,248,208) | (1,895,630) |
| Finance costs | 3(f) | (27,103) | (19) |
| Profit/(loss) before income tax | | (3,103,326) | (1,846,914) |
| Income tax benefit | 4 | 913,116 | 554,074 |
| Profit/(loss) after tax attributable to the owners of GoEnergy Pty Limited | | (2,190,210) | (1,292,840) |
| Other comprehensive income | | | |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year attributable to the owners of GoEnergy Pty Ltd | | (2,190,210) | (1,292,840) |

Statement of Financial Position

As at 30 June 2014

| | Notes | 2014 \$ | 2013 \$ |
|--------------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 5 | 15,957 | 2,917 |
| Trade and other receivables | 6 | 1,052,216 | 1,219,940 |
| Inventories | 7 | 2,004,459 | - |
| Other financial assets | 8 | 756,428 | 219,646 |
| Total Current Assets | | 3,829,060 | 1,442,503 |
| Non-current Assets | | | |
| Property, plant and equipment | 9 | 1,065,366 | 409,293 |
| Intangible assets | 10 | 485,091 | 829,297 |
| Total Non-current Assets | | 1,550,457 | 1,238,590 |
| TOTAL ASSETS | | 5,379,517 | 2,681,093 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 11 | 2,054,388 | 143,933 |
| Interest-bearing borrowings | 12 | 101,573 | - |
| Total Current Liabilities | | 2,155,961 | 143,933 |
| Non-current Liabilities | | | |
| Interest-bearing borrowings | 12 | 876,606 | - |
| Total Non-current Liabilities | | 876,606 | - |
| TOTAL LIABILITIES | | 3,032,567 | 143,933 |
| NET ASSETS | | 2,346,950 | 2,537,160 |
| EQUITY | | | |
| Issued capital | 13 | 38,203,609 | 36,203,609 |
| Retained earnings | | (35,856,659) | (33,666,449) |
| TOTAL EQUITY | | 2,346,950 | 2,537,160 |

Statement of Cash Flows

For the year ended 30 June 2014

| | Notes | 2014 \$ | 2013 \$ |
|--|-------|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 398,830 | 77,840 |
| Payments to suppliers and employees | | (2,532,434) | (1,301,363) |
| Interest received | | 4,947 | 2,498 |
| Net cash flows from/(used in) operating activities | 5 | <u>(2,128,657)</u> | <u>(1,221,025)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for property plant and equipment | | (778,784) | (432,212) |
| Purchase of investments (term deposits) | | (74,543) | (112,208) |
| Payments for intangible assets | | (381,614) | (843,774) |
| Net cash flows from/(used in) investing activities | | <u>(1,234,941)</u> | <u>(1,388,194)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | | 1,013,299 | - |
| Proceeds from related parties | | 2,363,339 | 2,612,136 |
| Net cash flows from/(used in) financing activities | | <u>3,376,638</u> | <u>2,612,136</u> |
| Net increase/(decrease) in cash and cash equivalents | | 13,040 | 2,917 |
| Cash and cash equivalents at beginning of period | | 2,917 | - |
| Cash and cash equivalents at end of period | 5 | <u>15,957</u> | <u>2,917</u> |

Statement of Changes in Equity

For the year ended 30 June 2014

| | <i>Issued capital</i> \$ | <i>Retained earnings</i> \$ | <i>Total equity</i> \$ |
|---|-----------------------------|--------------------------------|---------------------------|
| As at 1 July 2012 | 32,373,609 | (32,373,609) | - |
| Profit/(Loss) after tax expense for the year | - | (1,292,840) | (1,292,840) |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | (1,292,840) | (1,292,840) |
| Transactions with owners in their capacity as owners: | | | |
| Issue of share capital | 3,830,000 | - | 3,830,000 |
| At 30 June 2013 | 36,203,609 | (33,666,449) | 2,537,160 |
| Profit/(Loss) after tax expense for the year | - | (2,190,210) | (2,190,210) |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | (2,190,210) | (2,190,210) |
| Transactions with owners in their capacity as owners: | | | |
| Issue of share capital | 2,000,000 | - | 2,000,000 |
| At 30 June 2014 | 38,203,609 | (35,856,659) | 2,346,950 |

Notes to the Financial Statements**For the year ended 30 June 2014****1 CORPORATE INFORMATION**

The financial report of GoEnergy Pty Ltd (GoEnergy) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 14th of October 2014.

GoEnergy Pty Ltd is a company limited by shares incorporated and domiciled in Australia.

The nature of the operations and principal activities of the company are described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation**

The financial report is a special-purpose financial report, which has been prepared for distribution to the members to fulfil the directors' financial reporting requirements under the Corporations Act 2001. The accounting policies used in the preparation of this report, as described below, are in the opinion of the directors, appropriate to meet the needs of members. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments, which have been measured at fair value.

The financial report has been prepared on a historical cost basis. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The financial report is presented in Australian dollars.

The disclosure requirements of Accounting Standards and other other financial reporting requirements in Australia do not have mandatory applicability to GoEnergy Pty Ltd in relation to the year ended 30 June 2014 because it is not a "reporting entity".

However, the directors have prepared the financial report in accordance with recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the disclosure requirements of:

AASB 101: Presentation of Financial Statements;

AASB 107: Statement of Cash Flow;

AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors;

AASB 1031: Materiality;

AASB 1048: Interpretation of Standards; and

AASB 1054: Australian Additional Disclosures as appropriate for for-profit oriented entities.

(b) Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(c)

The Company has incurred a net loss after tax of \$2,192,210 for the year ended 30 June 2014 (30 June 2013: \$1,292,840) and had cash outflows from operating and investing activities of \$3,363,598 (30 June 2013: \$2,609,219). The financial report has been prepared on a going concern basis which assumes the realisation of assets and extinguishment of liabilities in the normal course of business at the amounts stated in the financial report, this is due to the following:

- Urban Group Energy Holdings Pty Ltd (the parent entity) continues to provide financial support to ensure the realisation of assets and extinguishment of liabilities as and when they fall due; and
- The completion of merger with Solco Limited as announced on the Australian Securities Exchange on the 29 August 2014. This transaction is expected to raise approximately \$4.1 million and has been underwritten by Urban Group Holdings Pty Ltd to the extent of \$3 million.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be incurred should the Company not continue as a going concern.

Notes to the Financial Statements (continued)**For the year ended 30 June 2014****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***(1) Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimate uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance or the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the condition prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Significant accounting judgements, estimates and assumptions (continued)

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the customer has taken delivery of the goods and significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenue from the provision of management services are recognised when the services are rendered.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

Deferred revenue

Fees for services received in advance are recorded as a liability within deferred revenue and these amounts are amortised to the income statement upon provision of the service.

(d) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(e) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependant on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on straight-line basis over the lease term.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

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

(g) Trade and other receivables

Trade receivables, which generally have 7-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Finished goods – cost of direct materials but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(i) Income tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

Notes to the Financial Statements (continued)**For the year ended 30 June 2014****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(i) Income tax (continued)**

When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Notes to the Financial Statements (continued)**For the year ended 30 June 2014****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(j) Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated using a combination of straight-line and diminishing-value basis over the estimated useful life of all assets:

- Leasehold improvements: 2 - 25 years
- Software: 4 years
- Motor vehicles: 5 - 7 years
- Office furniture & equipment: 1 - 8 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(k) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption or future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Intangible assets (continued)

Licences

The Company made upfront payments to purchase electricity retail licences. The licences may be renewed at little or no cost to the Company. As a result, those licences are assessed as having indefinite useful life.

A summary of the policies applied to the Company's intangible assets is as follows:

Licences

- Useful lives: Indefinite
- Amortisation method used: No amortisation
- Internally generated or acquired: Acquired

(l) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU's") fair value less costs to sell and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CHU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expenses, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CHU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(q) New accounting standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 period.

The Directors' assessment of the impact of these new standards and interpretations is that they will result in no changes to the amounts recognised in the financial statements, but may impact the type of information disclosed in the financial statements.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|--|------------------|------------------|
| 3 REVENUE AND EXPENSES | | |
| (a) Finance income | | |
| Interest received - Bank & others | 4,947 | 2,498 |
| Total finance income | 4,947 | 2,498 |
| (b) Other income | | |
| Net foreign currency gains/(losses) | 26,723 | - |
| Freight recovery | 6,798 | - |
| Other income | 5,766 | - |
| Total other income / (loss) | 39,287 | - |
| (c) Depreciation and amortisation expense | | |
| Depreciation of non-current assets | | |
| • Leasehold improvements | 16,521 | 10,259 |
| • Power Purchase Assets | 71,575 | 5,834 |
| • Office furniture & equipment | 9,684 | 6,826 |
| Total depreciation of non-current assets | 97,780 | 22,919 |
| Amortisation of non-current assets | | |
| Development costs | 7,638 | 14,477 |
| Total amortisation of non-current assets | 7,638 | 14,477 |
| Total depreciation and amortisation expense | 105,418 | 37,396 |
| (d) Impairment of non-current assets | | |
| Impairment of intangibles | 743,113 | - |
| | 743,113 | - |
| (e) Other expenses | | |
| Operating expense | 141,963 | 369,669 |
| Professional and consulting | 1,506,459 | 1,311,916 |
| Advertising | 153,337 | 103,321 |
| Repairs and maintenance | 5,461 | 6,691 |
| Rent and outgoings | - | - |
| Utilities | 105,033 | 61,153 |
| Motor vehicle expenses | 11,811 | - |
| Marketing and donations | - | - |
| Office expenses | 5,054 | 2,642 |
| Information technology expense | 319,090 | 40,238 |
| Total other expenses | 2,248,208 | 1,895,630 |
| (f) Finance costs | | |
| Finance charges under finance leases & hire purchase contracts | 27,103 | 19 |
| Total finance costs | 27,103 | 19 |

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|---|------------------|------------------|
| 4 INCOME TAX | | |
| Major components of income tax expense for the years ended 30 June 2014 and 30 June 2013 are: | | |
| Income Statement | | |
| Current income tax | | |
| Current income tax charge | (930,998) | (554,074) |
| Deferred income tax | | |
| Relating to origination and reversal of temporary differences | 17,882 | - |
| Income tax expense reported in income statement | (913,116) | (554,074) |

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2014 and 30 June 2013 is as follows:

| | | |
|---|------------------|------------------|
| Accounting profit before income tax | (3,103,326) | (1,846,914) |
| At the statutory income tax rate of 30% (2013: 30%) | (930,998) | (554,074) |
| Deferred tax adjustment | 17,882 | - |
| Income tax expense | (913,116) | (554,074) |
| Effective income tax rate | 29% | 30% |
| Income tax expense reported in the income statement | (913,116) | (554,074) |

Deferred income tax
Deferred income tax at 30 June relates to the following:

BALANCE SHEET

| | | |
|---------------------------------|-----------|---------|
| Deferred income tax assets | | |
| Losses carried forward | 1,467,190 | 554,074 |
| Gross deferred income tax asset | 1,467,190 | 554,074 |

INCOME STATEMENT

| | | |
|---|---------|---------|
| Deferred income tax charge | | |
| Losses available for offset against future taxable income | 913,116 | 554,074 |
| Deferred income tax charge | 913,116 | 554,074 |

Tax consolidation

GoEnergy is a 100% owned subsidiary of Urban Group Energy Holdings Pty Ltd and is a part of a tax consolidated group. Urban Group Energy Holdings Pty Ltd is the head entity of the tax consolidated group. Member of the group have entered into a tax sharing agreement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis.

In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|------------------------------------|---------------|--------------|
| 5 CASH AND CASH EQUIVALENTS | | |
| Cash at bank | 15,957 | 2,917 |
| | <u>15,957</u> | <u>2,917</u> |

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

Reconciliation of cash

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following:

| | | |
|--------------|---------------|--------------|
| Cash at bank | 15,957 | 2,917 |
| | <u>15,957</u> | <u>2,917</u> |

Reconciliation from the net profit after tax to the net cash flows from operations

| | | |
|--|--------------------|--------------------|
| Operating profit/(loss) after tax | (2,190,210) | (1,292,840) |
| <i>Adjustments for:</i> | | |
| Depreciation expense | 105,418 | 37,396 |
| Impairment expense | 743,113 | - |
| (Increase)/decrease in trade debtors | (230,736) | (11,657) |
| (Increase)/decrease in other assets | (2,466,697) | (17,193) |
| Increase/(decrease) in other liabilities | 1,910,455 | 63,269 |
| | <u>(2,128,657)</u> | <u>(1,221,025)</u> |

6 TRADE AND OTHER RECEIVABLES (CURRENT)

| | | |
|--|------------------|------------------|
| Trade receivables | 232,811 | 2,075 |
| | <u>232,811</u> | <u>2,075</u> |
| Related party receivables: | | |
| <i>Wholly-owned group</i> | | |
| – ultimate holding company | 1,639,243 | 1,217,865 |
| <i>Directors and director-related entities</i> | | |
| – director-related | (819,838) | - |
| | <u>819,405</u> | <u>1,217,865</u> |
| | <u>1,052,216</u> | <u>1,219,940</u> |

Trade receivables are non-interest bearing and are generally on 7-30 day terms.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|---|------------------|----------------|
| 7 INVENTORIES | | |
| <i>Finished goods</i> | | |
| At cost | 2,004,459 | - |
| Total inventory at the lower of cost & net realisable value | <u>2,004,459</u> | <u>-</u> |
| 8 OTHER FINANCIAL ASSETS | | |
| <i>Current</i> | | |
| Prepayments | 65,294 | 9,582 |
| Term Deposits | 203,944 | 129,401 |
| Other | 487,190 | 80,663 |
| | <u>756,428</u> | <u>219,646</u> |
| 9 PROPERTY, PLANT AND EQUIPMENT | | |
| <i>Leasehold improvements</i> | | |
| At cost | 66,084 | 66,083 |
| Accumulated depreciation | (26,781) | (10,259) |
| Net carrying amount | <u>39,303</u> | <u>55,824</u> |
| <i>Power Purchase Assets</i> | | |
| At cost | 1,067,442 | 318,224 |
| Accumulated depreciation | (62,423) | (5,834) |
| Net carrying amount | <u>1,005,019</u> | <u>312,390</u> |
| <i>Office furniture & equipment</i> | | |
| At cost | 32,905 | 47,905 |
| Accumulated depreciation | (11,861) | (6,826) |
| Net carrying amount | <u>21,044</u> | <u>41,079</u> |
| Total property, plant and equipment | | |
| At cost | 1,166,431 | 432,212 |
| Accumulated depreciation | (101,065) | (22,919) |
| Net carrying amount | <u>1,065,366</u> | <u>409,293</u> |
| Movement in property, plant and equipment | | |
| <i>Leasehold improvements</i> | | |
| Balance at the beginning of the year | | |
| • At cost | 66,083 | - |
| • Accumulated depreciation | (10,259) | - |
| • Net carrying amount | <u>55,824</u> | <u>-</u> |
| Additions | - | 66,083 |
| Depreciation charge for the year | (16,521) | (10,259) |
| Balance at the end of the year - Net carrying amount | <u>39,303</u> | <u>55,824</u> |

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|--|-------------|-------------|
| 9 PROPERTY, PLANT AND EQUIPMENT (continued) | | |
| Movement in property, plant and equipment (continued) | | |
| <i>Power Purchase Assets</i> | | |
| Balance at the beginning of the year | | |
| • At cost | 318,224 | - |
| • Accumulated depreciation | (5,834) | - |
| • Net carrying amount | 312,390 | - |
| Additions | 1,572,396 | 318,224 |
| Disposals | (808,192) | - |
| Depreciation charge for the year | (71,575) | (5,834) |
| Balance at the end of the year - Net carrying amount | 1,005,019 | 312,390 |
| <i>Office furniture & equipment</i> | | |
| Balance at the beginning of the year | | |
| • At cost | 47,905 | - |
| • Accumulated depreciation | (6,826) | - |
| • Net carrying amount | 41,079 | - |
| Additions | 60,000 | 47,905 |
| Impairment | (70,351) | - |
| Depreciation charge for the year | (9,684) | (6,826) |
| Balance at the end of the year - Net carrying amount | 21,044 | 41,079 |
| <i>Total Property, plant and equipment</i> | | |
| Balance at the beginning of the year | | |
| • At cost | 432,212 | - |
| • Accumulated depreciation | (22,919) | - |
| • Net carrying amount | 409,293 | - |
| Additions | 1,632,396 | 432,212 |
| Disposals | (808,192) | - |
| Depreciation charge for the year | (97,780) | (22,919) |
| Balance at the end of the year - Net carrying amount | 1,065,366 | 409,293 |
| 10 INTANGIBLES | | |
| <i>Energy Licences</i> | | |
| Cost (gross carrying amount) | 9,500,000 | 9,500,000 |
| Accumulated amortisation | (9,500,000) | (9,500,000) |
| Net carrying amount | - | - |
| <i>Development costs</i> | | |
| Cost (gross carrying amount) | 507,206 | 843,774 |
| Accumulated amortisation | (22,115) | (14,477) |
| Net carrying amount | 485,091 | 829,297 |

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|--|------------------|----------------|
| 10 INTANGIBLES (continued) | | |
| Movement In intangibles (continued) | | |
| <i>Total Intangibles</i> | | |
| Cost (gross carrying amount) | 10,007,206 | 10,343,774 |
| Accumulated amortisation | (9,522,115) | (9,514,477) |
| Net carrying amount | 485,091 | 829,297 |
| Movement in intangibles | | |
| <i>Energy Licences</i> | | |
| Balance at the beginning of the year | | |
| Cost (gross carrying amount) | 9,500,000 | 9,500,000 |
| Accumulated amortisation | (9,500,000) | (9,500,000) |
| Carrying amount - closing | - | - |
| <i>Development costs</i> | | |
| Balance at the beginning of the year | | |
| • Cost (gross carrying amount) | 843,774 | - |
| • Accumulated amortisation | (14,477) | - |
| • Carrying amount - opening | 829,297 | - |
| Additions | 396,091 | 843,774 |
| Impairment | (718,182) | - |
| Amortisation | (22,115) | (14,477) |
| Carrying amount - closing | 485,091 | 829,297 |
| <i>Total Intangibles</i> | | |
| Balance at the beginning of the year | | |
| • Cost (gross carrying amount) | 10,343,774 | 9,500,000 |
| • Accumulated amortisation | (9,514,477) | (9,500,000) |
| • Carrying amount - opening | 829,297 | - |
| Additions | 396,091 | 843,774 |
| Impairment | (718,182) | - |
| Amortisation | (22,115) | (14,477) |
| Carrying amount - closing | 485,091 | 829,297 |
| 11 TRADE AND OTHER PAYABLES (CURRENT) | | |
| Trade creditors | 1,892,456 | 102,106 |
| Other creditors | 41,665 | 41,827 |
| Unearned revenue | 120,267 | - |
| | 2,054,388 | 143,933 |

Trade payables are non-interest bearing and are normally settled on 7-30 day terms.

Interest payable is normally monthly quarterly throughout the financial year.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|---|----------------|------------|
| 12 INTEREST-BEARING LOANS AND BORROWINGS | | |
| Current | | |
| Lease and hire purchase liability | 101,573 | - |
| | <u>101,573</u> | <u>-</u> |
| Non-current | | |
| Obligations under finance leases and hire purchase contracts (note 14) | 876,606 | - |
| | <u>876,606</u> | <u>-</u> |

13 ISSUED CAPITAL AND RESERVES**(a) Ordinary shares**

| | | |
|---------------------------------------|-------------------|-------------------|
| Ordinary shares | 38,203,609 | 36,203,609 |
| | <u>38,203,609</u> | <u>36,203,609</u> |
| <i>(i) Ordinary shares</i> | | |
| Issued and fully paid ordinary shares | 2,000,000 | 3,830,000 |
| | <u>2,000,000</u> | <u>3,830,000</u> |

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Capital management

Management controls the capital of the Company in order to provide the shareholders with adequate returns and to ensure the Company can fund its operations and continue as a going concern.

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

To satisfy requirements of Electricity Retail Licence with Australian Energy Market Operator ("AEMO"), the Company must maintain a certain level of prudential requirements, which is regularly reviewed by finance team and management. As part of its AFSL licence the Company also maintains net assets position and monitors its forecasts.

Management effectively manages the Company's capital by assessing financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2014 and 30 June 2013.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

14 COMMITMENTS AND CONTINGENCIES**Operating lease commitments – as lessee**

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

| | 2014 | 2013 |
|---|---------------|----------------|
| | \$ | \$ |
| Within one year | 52,952 | 121,310 |
| After one year but not more than five years | - | 52,952 |
| More than five years | - | - |
| | <u>52,952</u> | <u>174,262</u> |
| | <u>-</u> | <u>-</u> |

Finance lease and hire purchase commitments - Company as lessee

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

| | 2014 | 2013 |
|---|------------------|----------|
| | \$ | \$ |
| Within one year | 181,166 | - |
| After one year but not more than five years | 1,086,068 | - |
| More than five years | - | - |
| Total minimum lease payments | <u>1,267,234</u> | <u>-</u> |
| Less amounts representing finance charges | <u>(289,054)</u> | <u>-</u> |
| Present value of minimum lease payments | <u>978,180</u> | <u>-</u> |

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

15 EVENTS AFTER BALANCE SHEET DATE

On 26th of August 2014, GoEnergy Pty Ltd became subject to an acquisition by Solco Limited. Transaction is expected to be completed in December 2014.

16 AUDITORS' REMUNERATION

The auditor of GoEnergy Pty Ltd for 30 June 2014 is Stannards Accountant and Advisors. ASIC has accepted Stannards Accountant and Advisors request for resignation effective for the 30 June 2015 yearend.

Amounts received or due and receivable by Stannards Accountants and Advisors for:

- An audit or review of the financial report of the entity

| <i>2014</i> | <i>2013</i> |
|-------------|-------------|
| <i>\$</i> | <i>\$</i> |
| | |
| 19,750 | 10,175 |
| 19,750 | 10,175 |

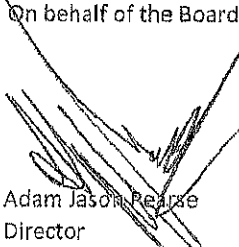
Directors' Declaration

In accordance with a resolution of the directors of GoEnergy Pty Ltd, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) Complying with Accounting Standards and Corporations Regulations 2001; and
 - (iii) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Adam Jason Pearce
Director

Tuesday, 14 October 2014

**Independent Auditor's Report
To The Members of GoEnergy Pty Ltd**

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of GoEnergy Pty Ltd (the company), which comprises the statement of financial position as at 30 June 2014, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

The responsibility of the Directors for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity'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.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the Corporation Act 2001. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of GoEnergy Pty Ltd would be in the same terms if provided to the directors as at the date of this auditor's report.

Partners

Marino Angelini, CA
Michael Shulman, CA
Nello Traficante, CPA
Jason Wall, CA
Nicole Postan, CA
Peter Angelini, CA

Auditor's Opinion

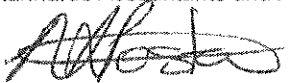
In our opinion the financial report of GoEnergy Pty Ltd is in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b. complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporation Regulation 2001.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Stannards Accountants; Advisors
Stannards Accountants and Advisors



Nicole L. Postan
Partner

Date: 14 October 2014

URBAN ENERGY CARBON MARKETS PTY LTD

ABN 67 156 664 229

ANNUAL FINANCIAL REPORT
For the year ended 30 June 2013

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Directors' Report

Your director submits Urban Energy Carbon Markets Pty Ltd ('the company's') report for the year ended 30 June 2013.

DIRECTOR

The details of the company's director in office during the financial year and until the date of this report is as follows. The director was in office for this entire period.

- Adam Jason Pearce

Adam Jason Pearce also held a position of a company secretary during the financial periods presented in this report.

DIVIDENDS

There were no dividends paid or declared from the beginning of the financial period to the date of signing of this report.

CORPORATE INFORMATION

Urban Energy Carbon Markets Pty Ltd (formerly known as CO2 Markets Pty Limited (2 August 2012 to 22 February 2015) and CoZero Aggregation Trading Pty Ltd (since inception to 1 August 2012)) is a company limited by shares and domiciled in New South Wales, Australia.

The company had no employees at 30 June 2013 (2012: no employees).

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was reliable and secure RECs trading.

OPERATING RESULTS FOR THE YEAR

The profit after tax of the company for the year ended 30 June 2013 was \$228,669 (2012: \$8,612).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the company during the period.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events occurring after the balance date which may affect either the company's operations, results of those operations or the company's state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Directors' Report

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is not subject to any particular or significant environmental regulation under the law.

SHARE OPTIONS

No option to shares in the company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums to insure the officers of the company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company.

The total amount of insurance contract premiums paid by the parent entity Urban Group Energy Holdings Pty Ltd, covering all subsidiaries was \$120,000.

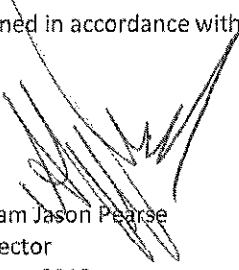
PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR INDEPENDENCE

The director received an independence declaration from the auditor. A copy has been included on page 5 of the report.

Signed in accordance with a resolution of the directors.



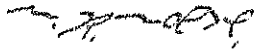
Adam Jason Pearce
Director
1 June 2015

Auditor's Independence Declaration

To the Directors of Urban Energy Carbon Markets Pty Limited

As engagement partner for the audit of Urban Energy Carbon Markets Pty Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Matthew Moore
Registered Company Auditor

Dated 1 June 2015

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Statement of Comprehensive Income

For the year ended 30 June 2013

| | Notes | 2013 \$ | 2012 \$ |
|--|-------|-------------------|------------------|
| Continuing operations | | | |
| Sale of goods | | 17,471,713 | 4,186,729 |
| Revenue | | 17,471,713 | 4,186,729 |
| Cost of sales | | (16,685,613) | (4,058,177) |
| Gross profit | | 786,100 | 128,552 |
| Depreciation and amortisation expense | 3(a) | (120,506) | (19,003) |
| Other expenses | 3(b) | (338,925) | (97,247) |
| Profit before income tax | | 326,670 | 12,302 |
| Income tax expense | 4 | (98,001) | (3,690) |
| Profit after tax | | 228,669 | 8,612 |
| Other comprehensive income for the year | | | |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 228,669 | 8,612 |

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

URBAN ENERGY CARBON MARKETS PTY LTD

Statement of Financial Position

As at 30 June 2013

| | Notes | 2013 \$ | 2012 \$ |
|----------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 6 | 2,093 | 2,703 |
| Trade and other receivables | 7 | 794,342 | 3,612 |
| Inventories | 8 | 1,283,712 | 2,070,442 |
| Total Current Assets | | 2,080,147 | 2,076,757 |
| Non-current Assets | | | |
| Property, plant and equipment | 9 | 157,618 | 302,431 |
| Intangible assets and goodwill | 10 | 75,000 | 75,000 |
| Total Non-current Assets | | 232,618 | 377,431 |
| TOTAL ASSETS | | 2,312,765 | 2,454,188 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 11 | 2,075,384 | 2,445,476 |
| Total Current Liabilities | | 2,075,384 | 2,445,476 |
| TOTAL LIABILITIES | | 2,075,384 | 2,445,476 |
| NET ASSETS | | 237,381 | 8,712 |
| EQUITY | | | |
| Issued capital | 12 | 100 | 100 |
| Retained earnings | | 237,281 | 8,612 |
| TOTAL EQUITY | | 237,381 | 8,712 |

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

URBAN ENERGY CARBON MARKETS PTY LTD

Statement of Cash Flows

For the year ended 30 June 2013

| | Notes | 2013 \$ | 2012 \$ |
|--|-------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 18,372,729 | 4,601,429 |
| Payments to suppliers | | (17,814,032) | (4,202,392) |
| Net cash flows from/(used in) operating activities | 6 | <u>558,697</u> | <u>399,037</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of Intangible assets | | - | (75,000) |
| Purchase of property plant & equipment | | - | (321,434) |
| Proceeds from transfer of business | | 24,307 | - |
| Net cash flows from/(used in) Investing activities | | <u>24,307</u> | <u>(396,434)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments to related parties | | (583,614) | - |
| Proceeds from issued of shares | 12 | - | 100 |
| Net cash flows from/(used in) financing activities | | <u>(583,614)</u> | <u>100</u> |
| Net increase/(decrease) in cash and cash equivalents | | (610) | 2,703 |
| Cash and cash equivalents at beginning of period | | 2,703 | - |
| Cash and cash equivalents at end of period | 6 | <u>2,093</u> | <u>2,703</u> |

The above statement of cashflows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2013

| | <i>Issued capital</i> \$ | <i>Retained earnings</i> \$ | <i>Total equity</i> \$ |
|--|-----------------------------|--------------------------------|---------------------------|
| At incorporation 4 April 2012 | 100 | - | 100 |
| Total income and expense recognised directly in equity | | | |
| Profit for the year | - | 8,612 | 8,612 |
| Total recognised income and expense for the year | - | 8,612 | 8,612 |
| At 30 June 2012 | 100 | 8,612 | 8,712 |
| Total income and expense recognised directly in equity | | | |
| Profit for the year | - | 228,669 | 228,669 |
| Total recognised income and expense for the year | - | 228,669 | 228,669 |
| At 30 June 2013 | 100 | 237,281 | 237,381 |

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

Notes to the Financial Statements

For the year ended 30 June 2013

1 CORPORATE INFORMATION

The financial report of Urban Energy Carbon Markets Pty Ltd for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 1 June 2015.

Urban Energy Carbon Markets Pty Ltd is a company limited by shares incorporated and domiciled in Australia.

The nature of the operations and principal activities of the company are described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial reporting framework

The Company is not a reporting entity as the Director has determined it is unlikely there are users of the financial report who are unable to request the preparation of reports tailored so as to satisfy specifically all of their information needs.

The accounting policies used in the preparation of this report, as described below, are in the opinion of the Director, appropriate to meet the needs of users.

Basis of preparation

The financial report has been prepared on the basis of historical cost, cost represents the fair values of consideration provided in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The financial statements have been prepared on a going concern basis.

Statement of compliance

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Cash Flow Statements', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and AASB 1054 'Australian Additional Disclosures'.

(i) Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have been included in the relevant notes of this financial report.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimate uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Notes to the Financial Statements (continued)**For the year ended 30 June 2013****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(b) Significant accounting judgements, estimates and assumptions***Impairment of non-financial assets*

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance or the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

(d) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

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

Notes to the Financial Statements (continued)**For the year ended 30 June 2013****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(e) Trade and other receivables**

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

(f) Inventories

Renewable energy certificates (RECs) are treated as inventory and are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(g) Income tax*Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income tax continued

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(i) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(k) New accounting standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2013 period.

The Directors assessment of the impact of these new standards and interpretations is that they will result in no changes to the amounts recognised in the financial statements, but may impact the type of information disclosed in the financial statements.

(o) Intercompany loans

Intercompany balances are recognised at cost. They are payable on demand and are not subject to interest unless specifically agreed otherwise.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

| | 2013 \$ | 2012 \$ |
|--|----------------|---------------|
| 3 REVENUE AND EXPENSES | | |
| (a) Depreciation and amortisation expense | | |
| Depreciation of non-current assets | | |
| • Office equipment | 120,506 | 19,003 |
| Total depreciation and amortisation expense | 120,506 | 19,003 |
| (b) Other expenses | | |
| Bad and doubtful debts | 9,846 | - |
| Advertising | 27,134 | - |
| Operating expenses | 199,428 | 77,047 |
| Consulting & Management expenses | 102,517 | 20,200 |
| Office expenses | - | - |
| Total other expenses | 338,925 | 97,247 |

4 INCOME TAX

Major components of income tax expense for the years ended 30 June 2013 and 30 June 2012 are:

Income Statement

| | | |
|--|---------------|--------------|
| Current tax | 98,001 | 3,690 |
| Income tax expense reported in income statement | 98,001 | 3,690 |

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2013 and 30 June 2012 is as follows:

| | | |
|---|---------------|--------------|
| Accounting profit before income tax | 326,670 | 12,302 |
| At the statutory income tax rate of 30% (2012: 30%) | 98,001 | 3,690 |
| Income tax expense | 98,001 | 3,690 |
| Effective income tax rate | 30% | 30% |
| Income tax expense reported in the income statement | 98,001 | 3,690 |

Tax consolidation

Urban Energy Carbon Markets Pty Ltd is a 100% owned subsidiary of Urban Group Energy Holdings Pty Ltd and is a part of a tax consolidated group.

Urban Group Energy Holdings Pty Ltd is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis.

In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

| | 2013 \$ | 2012 \$ |
|--|------------------|------------------|
| 6 CASH AND CASH EQUIVALENTS | | |
| Cash in hand | 100 | 100 |
| Cash at bank | 1,993 | 2,603 |
| | <u>2,093</u> | <u>2,703</u> |
| Cash at bank earns interest at floating rates based on daily bank deposit rates. | | |
| Reconciliation of cash | | |
| For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following: | | |
| Cash in hand | 100 | 100 |
| Cash at bank | 1,993 | 2,603 |
| | <u>2,093</u> | <u>2,703</u> |
| Reconciliation from the net profit after tax to the net cash flows from operations | | |
| Net profit | 228,669 | 8,612 |
| <i>Adjustments for:</i> | | |
| Depreciation | 120,506 | 19,003 |
| Bad & doubtful debt | 9,846 | - |
| (Increase)/decrease in trade debtors | (769,232) | (2,066,752) |
| (Increase)/decrease in other assets | 884,732 | - |
| Increase/(decrease) in trade creditors | 84,178 | 2,441,786 |
| | <u>558,699</u> | <u>402,649</u> |
| 7 TRADE AND OTHER RECEIVABLES (CURRENT) | | |
| Trade receivables | 688,245 | 2,592 |
| Sundry debtors | 106,097 | 1,020 |
| | <u>794,342</u> | <u>3,612</u> |
| 8 INVENTORIES | | |
| <i>Renewable energy certificates</i> | | |
| At cost | 1,283,712 | 2,070,442 |
| Total inventory at the lower of cost & net realisable value | <u>1,283,712</u> | <u>2,070,442</u> |

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

| | 2013 \$ | 2012 \$ |
|---|------------------|------------------|
| 9 PROPERTY, PLANT AND EQUIPMENT | | |
| <i>Office equipment</i> | | |
| At cost | 297,127 | 321,434 |
| Accumulated depreciation | (139,509) | (19,003) |
| Net carrying amount | <u>157,618</u> | <u>302,431</u> |
| 10 INTANGIBLES | | |
| <i>Goodwill</i> | | |
| Cost (gross carrying amount) | 75,000 | 75,000 |
| Net carrying amount | <u>75,000</u> | <u>75,000</u> |
| 11 TRADE AND OTHER PAYABLES (CURRENT) | | |
| Trade creditors | 78,691 | 255,160 |
| Other creditors | 291,990 | - |
| | <u>370,681</u> | <u>255,160</u> |
| Related party payables: | | |
| Wholly-owned group | | |
| – ultimate holding company | 1,704,703 | 2,190,316 |
| | <u>1,704,703</u> | <u>2,190,316</u> |
| | <u>2,075,384</u> | <u>2,445,476</u> |
| Trade payables are non-interest bearing and are normally settled on 7-30 day terms. Other creditors are non-interest bearing and have an average term of 30 days. | | |
| 12 ISSUED CAPITAL AND RESERVES | | |
| (a) Ordinary shares | | |
| Ordinary shares | 100 | 100 |
| | <u>100</u> | <u>100</u> |
| <i>(i) Ordinary shares</i> | | |
| Issued and fully paid ordinary shares | 100 | 100 |
| | <u>100</u> | <u>100</u> |

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Capital management

Management controls the capital of the Company in order to provide the shareholders with adequate returns and to ensure the Company can fund its operations and continue as a going concern.

There are no externally imposed capital requirements on the Company.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of working capital, distributions to shareholders and share issues.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2013 and 30 June 2012.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

13 COMMITMENTS AND CONTINGENCIES

There were no commitments as at 30 June 2013 or 30 June 2012.

14 EVENTS AFTER BALANCE DATE

There were no events after balance date.

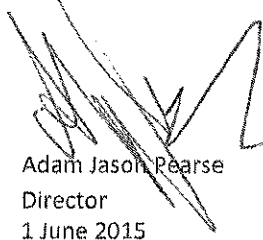
Directors' Declaration

As detailed in Note 2, in the opinion of the Director, the Company is not a reporting entity. As such, it is unlikely there are users of the financial report who are unable to request the preparation of reports tailored so as to satisfy their information needs.

The financial statements and notes of the company:

- (i) Present fairly the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (ii) Comply with Accounting Standards as detailed in Note 2; and
- (iii) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Adam Jason Pearse
Director
1 June 2015

Independent Auditor's Report

To the Directors of Urban Energy Carbon Markets Pty Limited

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of Urban Energy Carbon Markets Pty Limited (the "Company"), which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and 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.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the financial reporting requirements of the Board of Directors and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that is fairly presented in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with appropriate independence requirements. We have given to the directors of the Company a written Auditors Independence Declaration, a copy of which is included in the financial report.

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Basis for Qualified Opinion

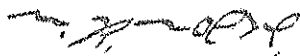
The comparative financial information for the year ended 30 June 2012 was not audited. We were unable to obtain sufficient appropriate audit evidence regarding the comparative financial information. Therefore no opinion can be expressed in relation to the prior year comparatives presented in this financial report.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report presents fairly, in all material respects, the financial position of Urban Energy Carbon Markets Pty Limited as of 30 June 2013 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist the Board of Directors of Urban Energy Carbon Markets Pty Limited, as a result, the financial report may not be suitable for another purpose.



.....
Matthew Moore
Registered Company Auditor

Dated 1 June 2015

URBAN ENERGY CARBON MARKETS PTY LTD

ABN 67 156 664 229

ANNUAL FINANCIAL REPORT
For the year ended 30 June 2014

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URBAN ENERGY CARBON MARKETS PTY LTD

Directors' Report

Your director submits Urban Energy Carbon Markets Pty Ltd ('the company's) report for the year ended 30 June 2014.

DIRECTOR

The details of the company's director in office during the financial year and until the date of this report is as follows. The director was in office for this entire period.

- Adam Jason Pearce

Adam Jason Pearce also held a position of a company secretary during the financial periods presented in this report.

DIVIDENDS

There were no dividends paid or declared from the beginning of the financial period to the date of signing of this report.

CORPORATE INFORMATION

Urban Energy Carbon Markets Pty Ltd (formerly known as CO2 Markets Pty Limited) is a company limited by shares and domiciled in New South Wales, Australia.

The company had no employees at 30 June 2014 (2013: no employees).

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was reliable and secure RECs trading.

OPERATING RESULTS FOR THE YEAR

The profit after tax of the company for the year ended 30 June 2014 was \$401,383 (2013: \$228,668).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the company during the period.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events occurring after the balance date which may affect either the company's operations, results of those operations or the company's state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

URBAN ENERGY CARBON MARKETS PTY LTD

Directors' Report

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is not subject to any particular or significant environmental regulation under the law.

SHARE OPTIONS

No option to shares in the company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums to insure the officers of the company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company.

The total amount of insurance contract premiums paid by the parent entity Urban Group Energy Holdings Pty Ltd, covering all subsidiaries was \$120,000.

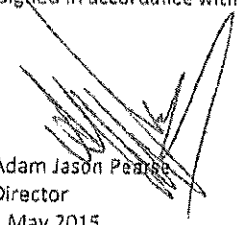
PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR INDEPENDENCE

The director received an independence declaration from the auditor. A copy has been included on page 5 of the report.

Signed in accordance with a resolution of the directors.



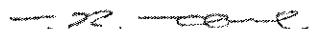
Adam Jason Pearce
Director
1 May 2015

Auditor's Independence Declaration

To the Directors of Urban Energy Carbon Markets Pty Limited

As engagement partner for the audit of Urban Energy Carbon Markets Pty Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Matthew Moore
Registered Company Auditor

Dated *1 May 2015*

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URBAN ENERGY CARBON MARKETS PTY LTD

Statement of Comprehensive Income

For the year ended 30 June 2014

| | Notes | 2014 \$ | 2013 \$ |
|--|-------|------------------|-------------------|
| Continuing operations | | | |
| Sale of goods | | 7,697,623 | 17,471,713 |
| Revenue | | 7,697,623 | 17,471,713 |
| Cost of sales | | (6,927,132) | (16,685,613) |
| Gross profit | | 770,491 | 786,100 |
| Depreciation and amortisation expense | 3(a) | (21,181) | (120,506) |
| Other expenses | 3(b) | (175,907) | (338,925) |
| Profit before income tax | | 573,404 | 326,669 |
| Income tax expense | 4 | (172,021) | (98,001) |
| Profit after tax | | 401,383 | 228,668 |
| Other comprehensive income for the year | | | |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 401,383 | 228,668 |

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

URBAN ENERGY CARBON MARKETS PTY LTD

Statement of Financial Position

As at 30 June 2014

| | Notes | 2014 \$ | 2013 \$ |
|----------------------------------|-------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 6 | 577 | 2,093 |
| Trade and other receivables | 7 | 692,651 | (942,726) |
| Inventories | 8 | - | 1,283,712 |
| Total Current Assets | | 693,228 | 343,079 |
| Non-current Assets | | | |
| Property, plant and equipment | 9 | - | 157,618 |
| Intangible assets and goodwill | 10 | - | 75,000 |
| Total Non-current Assets | | - | 232,618 |
| TOTAL ASSETS | | 693,228 | 575,697 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 11 | 54,465 | 338,318 |
| Total Current Liabilities | | 54,465 | 338,318 |
| TOTAL LIABILITIES | | 54,465 | 338,318 |
| NET ASSETS | | 638,763 | 237,379 |
| EQUITY | | | |
| Issued capital | 12 | 100 | 100 |
| Retained earnings | | 638,663 | 237,280 |
| TOTAL EQUITY | | 638,763 | 237,380 |

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

URBAN ENERGY CARBON MARKETS PTY LTD

Statement of Cash Flows

For the year ended 30 June 2014

| | Notes | 2014 \$ | 2013 \$ |
|---|----------|--------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 9,064,662 | 18,372,729 |
| Payments to suppliers | | (6,875,625) | (17,814,032) |
| Net cash flows from/(used in) operating activities | 6 | 2,189,037 | 558,697 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from transfer of business | | 211,437 | 24,307 |
| Net cash flows from/(used in) investing activities | | 211,437 | 24,307 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments to related parties | | (2,401,990) | (583,614) |
| Net cash flows from/(used in) financing activities | | (2,401,990) | (583,614) |
| Net increase/(decrease) in cash and cash equivalents | | (1,516) | (610) |
| Cash and cash equivalents at beginning of period | | 2,093 | 2,703 |
| Cash and cash equivalents at end of period | 6 | 577 | 2,093 |

The above statement of cashflows should be read in conjunction with the accompanying notes.

URBAN ENERGY CARBON MARKETS PTY LTD

Statement of Changes in Equity

For the year ended 30 June 2014

| | <i>Issued capital</i> | <i>Retained earnings</i> | <i>Total equity</i> |
|--|-----------------------|--------------------------|---------------------|
| | \$ | \$ | \$ |
| At 1 July 2012 | 100 | 8,612 | 8,712 |
| Total income and expense recognised directly in equity | | | |
| Profit for the year | - | 228,668 | 228,668 |
| Total recognised income and expense for the year | - | 228,668 | 228,668 |
| At 30 June 2013 | 100 | 237,280 | 237,380 |
| Total income and expense recognised directly in equity | | | |
| Profit for the year | - | 401,383 | 401,383 |
| Total recognised income and expense for the year | - | 401,383 | 401,383 |
| At 30 June 2014 | 100 | 638,663 | 638,763 |

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

Notes to the Financial Statements

For the year ended 30 June 2014

1 CORPORATE INFORMATION

The financial report of Urban Energy Carbon Markets Pty Ltd for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 1 May 2015.

Urban Energy Carbon Markets Pty Ltd is a company limited by shares incorporated and domiciled in Australia.

The nature of the operations and principal activities of the company are described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial reporting framework

The Company is not a reporting entity as the Director has determined it is unlikely there are users of the financial report who are unable to request the preparation of reports tailored so as to satisfy specifically all of their information needs.

The accounting policies used in the preparation of this report, as described below, are in the opinion of the Director, appropriate to meet the needs of users.

Basis of preparation

The financial report has been prepared on the basis of historical cost, cost represents the fair values of consideration provided in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The financial statements have been prepared on a going concern basis.

Statement of compliance

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Cash Flow Statements', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and AASB 1054 'Australian Additional Disclosures'.

(i) Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have been included in the relevant notes of this financial report.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimate uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Significant accounting judgements, estimates and assumptions

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance or the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenue from the provision of management services are recognised when the services are rendered.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

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

(e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

(f) Inventories

Renewable energy certificates (RECs) are treated as inventory and are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(k) New accounting standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 period.

The Directors assessment of the Impact of these new standards and interpretations is that they will result in no changes to the amounts recognised in the financial statements, but may impact the type of information disclosed in the financial statements.

(o) Intercompany loans

Intercompany balances are recognised at cost. They are payable on demand and are not subject to interest unless specifically agreed otherwise.

URBAN ENERGY CARBON MARKETS PTY LTD

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|--|----------------|----------------|
| 3 REVENUE AND EXPENSES | | |
| (a) Depreciation and amortisation expense | | |
| Depreciation of non-current assets | | |
| • Office equipment | 21,181 | 120,506 |
| Total depreciation and amortisation expense | 21,181 | 120,506 |
| (b) Other expenses | | |
| Bad and doubtful debts | 51,613 | 9,846 |
| Advertising | 44,630 | 27,133 |
| Operating expenses | (1,006) | 199,432 |
| Consulting & Management expenses | 80,653 | 102,514 |
| Office expenses | 17 | - |
| Total other expenses | 175,907 | 338,925 |

4 INCOME TAX

Major components of income tax expense for the years ended 30 June 2014 and 30 June 2013 are:

Income Statement

| | | |
|--|----------------|---------------|
| Current tax | 172,021 | 98,001 |
| Income tax expense reported in income statement | 172,021 | 98,001 |

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2014 and 30 June 2013 is as follows:

| | | |
|---|----------------|---------------|
| Accounting profit before income tax | 573,404 | 326,669 |
| At the statutory income tax rate of 30% (2013: 30%) | 172,021 | 98,001 |
| Income tax expense | 172,021 | 98,001 |
| Effective income tax rate | 30% | 30% |
| Income tax expense reported in the income statement | 172,021 | 98,001 |

Tax consolidation

Urban Energy Carbon Markets Pty Ltd is a 100% owned subsidiary of Urban Group Energy Holdings Pty Ltd and is a part of a tax consolidated group.

Urban Group Energy Holdings Pty Ltd is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate Income tax expense to the wholly owned subsidiaries on a pro-rata basis.

In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

URBAN ENERGY CARBON MARKETS PTY LTD

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|------------------------------------|------------|--------------|
| 6 CASH AND CASH EQUIVALENTS | | |
| Cash in hand | 100 | 100 |
| Cash at bank | 477 | 1,993 |
| | 577 | 2,093 |

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

Reconciliation of cash

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following:

| | | |
|--------------|------------|--------------|
| Cash in hand | 100 | 100 |
| Cash at bank | 477 | 1,993 |
| | 577 | 2,093 |

Reconciliation from the net profit after tax to the net cash flows from operations

| | | |
|--|------------------|----------------|
| Net profit | 401,383 | 228,668 |
| <i>Adjustments for:</i> | | |
| Depreciation | 21,181 | 120,506 |
| Bad & doubtful debt | 51,613 | 9,846 |
| (Increase)/decrease in trade debtors | 542,979 | (769,232) |
| (Increase)/decrease in other assets | 1,455,733 | 884,732 |
| Increase/(decrease) in trade creditors | (283,853) | 84,178 |
| | 2,189,036 | 558,698 |

7 TRADE AND OTHER RECEIVABLES (CURRENT)

| | | |
|----------------------------|----------------|------------------|
| Trade receivables | 5,831 | 688,245 |
| Sundry debtors | 161,555 | 73,733 |
| Related party receivables: | | |
| Wholly-owned group | | |
| — ultimate holding company | 525,265 | (1,704,704) |
| | 525,265 | (1,704,704) |
| | 692,651 | (942,726) |

8 INVENTORIES

Renewable energy certificates

| | | |
|---|---|------------------|
| At cost | - | 1,283,712 |
| Total inventory at the lower of cost & net realisable value | - | 1,283,712 |

URBAN ENERGY CARBON MARKETS PTY LTD

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|--|---------------|----------------|
| 9 PROPERTY, PLANT AND EQUIPMENT | | |
| <i>Office equipment</i> | | |
| At cost | - | 297,127 |
| Accumulated depreciation | - | (139,509) |
| Net carrying amount | - | 157,618 |
| 10 INTANGIBLES | | |
| <i>Goodwill</i> | | |
| Cost (gross carrying amount) | - | 75,000 |
| Net carrying amount | - | 75,000 |
| 11 TRADE AND OTHER PAYABLES (CURRENT) | | |
| Trade creditors | - | 78,691 |
| Other creditors | - | 291,990 |
| Goods and services tax | 54,465 | (32,363) |
| | 54,465 | 338,318 |

Trade payables are non-interest bearing and are normally settled on 7-30 day terms. Other creditors are non-interest bearing and have an average term of 30 days.

URBAN ENERGY CARBON MARKETS PTY LTD

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|---------------------------------------|------------|------------|
| 12 ISSUED CAPITAL AND RESERVES | | |
| (a) Ordinary shares | | |
| Ordinary shares | 100 | 100 |
| | <u>100</u> | <u>100</u> |
| <i>(i) Ordinary shares</i> | | |
| Issued and fully paid ordinary shares | 100 | 100 |
| | <u>100</u> | <u>100</u> |

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Capital management

Management controls the capital of the Company in order to provide the shareholders with adequate returns and to ensure the Company can fund its operations and continue as a going concern.

There are no externally imposed capital requirements on the Company.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of working capital, distributions to shareholders and share issues.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2014 and 30 June 2013.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

13 COMMITMENTS AND CONTINGENCIES

There were no commitments as at 30 June 2014 or 30 June 2013.

14 EVENTS AFTER BALANCE DATE

There were no events after balance date.

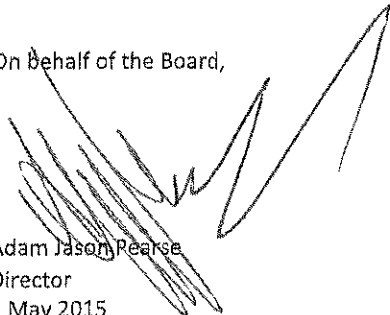
Directors' Declaration

As detailed in Note 2, in the opinion of the Director, the Company is not a reporting entity. As such, it is unlikely there are users of the financial report who are unable to request the preparation of reports tailored so as to satisfy their information needs.

The financial statements and notes of the company:

- (i) Present fairly the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) Comply with Accounting Standards as detailed in Note 2; and
- (iii) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Adam Jason Pearce
Director
1 May 2015

Independent Auditor's Report

To the Directors of Urban Energy Carbon Markets Pty Limited

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of Urban Energy Carbon Markets Pty Limited (the "Company"), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and 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.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the financial reporting requirements of the Board of Directors and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that is fairly presented in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with appropriate independence requirements. We have given to the directors of the Company a written Auditors Independence Declaration, a copy of which is included in the financial report.

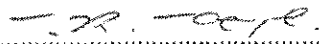
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Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of Urban Energy Carbon Markets Pty Limited as of 30 June 2014 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist the Board of Directors of Urban Energy Carbon Markets Pty Limited, as a result, the financial report may not be suitable for another purpose.


.....
Matthew Moore
Registered Company Auditor

Dated 1 May 2015

ENVIRONMENTAL TRADE SERVICES PTY LIMITED

ABN 97 164 484 093

ANNUAL FINANCIAL REPORT
For the year ended 30 June 2014

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ENVIRONMENTAL TRADE SERVICES PTY LIMITED

Directors' Report

Your director submits Environmental Trade Services Pty Limited ('the company's') report for the year ended 30 June 2014.

DIRECTOR

The details of the company's director in office during the financial year and until the date of this report is as follows. The director was in office for this entire period.

- Adam Jason Pearce

Adam Jason Pearce also held a position of a company secretary during the financial year and until the date of this report.

DIVIDENDS

There were no dividends paid or declared from the beginning of the financial period to the date of signing of this report.

CORPORATE INFORMATION

Environmental Trade Services Pty Limited (formerly known as CO2 Environmental Trading Pty Limited) is a company limited by shares that is incorporated on 26 June 2013 and domiciled in New South Wales, Australia.

The company had no employees at 30 June 2014 (2013: no employees).

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was aggregation and trading of renewable energy certificates (RECs).

OPERATING RESULTS FOR THE YEAR

The profit after tax of the company for the year ended 30 June 2014 was \$799,265 (2013: \$0).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the company during the period.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 23 February 2015 STC aggregation business was sold to GoMarkets Environmental Trading Pty Limited as part of Solco Limited business acquisition. There were no other subsequent events after balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

ENVIRONMENTAL TRADE SERVICES PTY LIMITED

Directors' Report

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is not subject to any particular or significant environmental regulation under the law.

SHARE OPTIONS

No option to shares in the company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums to insure the officers of the company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company.

The total amount of insurance contract premiums paid by the parent entity Urban Group Energy Holdings Pty Ltd, covering all subsidiaries was \$120,000.

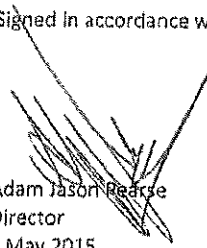
PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR INDEPENDENCE

The director received an independence declaration from the auditor. A copy has been included on page 5 of the report.

Signed in accordance with a resolution of the directors.



Adam Jason Pearce
Director
1 May 2015

Auditor's Independence Declaration

To the Directors of Environmental Trade Services Pty Limited

As engagement partner for the audit of Environmental Trade Services Pty Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Matthew Moore
Registered Company Auditor

Dated 1 May 2015

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ENVIRONMENTAL TRADE SERVICES PTY LIMITED**Statement of Comprehensive Income****For the year ended 30 June 2014**

| | <i>Notes</i> | 2014 | 2013 |
|--|--------------|-------------------|-------------|
| | | \$ | \$ |
| Continuing operations | | | |
| Sale of goods | | 39,340,944 | - |
| Rendering of Services | | 21,551 | - |
| Revenue | | 39,362,495 | - |
| | | | |
| Cost of sales | | (37,986,309) | - |
| Gross profit | | 1,376,186 | - |
| | | | |
| Depreciation and amortisation expense | 3(a) | (37,382) | - |
| Other expenses | 3(b) | (196,997) | - |
| Profit before income tax | | 1,141,807 | - |
| Income tax expense | 4 | (342,542) | - |
| Profit after tax | | 799,265 | - |
| | | | |
| Other comprehensive income for the year | | | |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 799,265 | - |

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

ENVIRONMENTAL TRADE SERVICES PTY LIMITED**Statement of Financial Position****As at 30 June 2014**

| | Notes | 2014 \$ | 2013 \$ |
|---------------------------------------|-------|------------------|------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 6 | 115 | 100 |
| Trade and other receivables | 7 | 4,384,369 | - |
| Inventories | 8 | 3,571,086 | - |
| Other financial assets | 9 | 8,000 | - |
| Total Current Assets | | 7,963,570 | 100 |
| Non-current Assets | | | |
| Property, plant and equipment | 10 | 162,755 | - |
| Intangible assets and goodwill | 11 | 84,982 | - |
| Total Non-current Assets | | 247,737 | - |
| TOTAL ASSETS | | 8,211,307 | 100 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 12 | 3,685,454 | - |
| Interest-bearing loans and borrowings | 13 | 3,726,487 | - |
| Total Current Liabilities | | 7,411,941 | - |
| TOTAL LIABILITIES | | 7,411,941 | - |
| NET ASSETS | | 799,366 | 100 |
| EQUITY | | | |
| Issued capital | 14 | 100 | 100 |
| Retained earnings | | 799,265 | - |
| TOTAL EQUITY | | 799,365 | 100 |

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

ENVIRONMENTAL TRADE SERVICES PTY LIMITED

Statement of Cash Flows

For the year ended 30 June 2014

| | Notes | 2014 \$ | 2013 \$ |
|--|-------|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 43,298,483 | - |
| Payments to suppliers | | (42,190,220) | - |
| Net cash flows from/(used in) operating activities | 6 | <u>1,108,263</u> | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of financial assets | | (8,000) | - |
| Purchase of property plant & equipment | | (200,137) | - |
| Payment for intangible assets | | (84,982) | - |
| Net cash flows from/(used in) investing activities | | <u>(293,119)</u> | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments to related parties | | (4,541,616) | - |
| Proceeds from borrowings | | 3,726,487 | - |
| Proceeds from issued of shares | 14 | - | 100 |
| Net cash flows from/(used in) financing activities | | <u>(815,129)</u> | <u>100</u> |
| Net increase/(decrease) in cash and cash equivalents | | 15 | 100 |
| Cash and cash equivalents at beginning of period | | 100 | - |
| Cash and cash equivalents at end of period | 6 | <u><u>115</u></u> | <u><u>100</u></u> |

The above statement of cashflows should be read in conjunction with the accompanying notes.

ENVIRONMENTAL TRADE SERVICES PTY LIMITED**Statement of Changes in Equity**
For the year ended 30 June 2014

| | <i>Issued capital</i> | <i>Retained earnings</i> | <i>Total equity</i> |
|--|-----------------------|--------------------------|---------------------|
| | \$ | \$ | \$ |
| At incorporation 26 June 2013 | 100 | - | 100 |
| Total income and expense recognised directly in equity | | | |
| Profit for the year | - | - | - |
| Total recognised income and expense for the year | - | - | - |
| At 30 June 2013 | 100 | - | 100 |
| Total income and expense recognised directly in equity | | | |
| Profit for the year | - | 799,265 | 799,265 |
| Total recognised income and expense for the year | - | 799,265 | 799,265 |
| At 30 June 2014 | 100 | 799,265 | 799,365 |

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

Notes to the Financial Statements

For the year ended 30 June 2014

1 CORPORATE INFORMATION

The financial report of Environmental Trade Services Pty Limited for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 1 May 2015.

Environmental Trade Services Pty Limited is a company limited by shares incorporated and domiciled in Australia.

The nature of the operations and principal activities of the company are described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial reporting framework

The Company is not a reporting entity as the Director has determined it is unlikely there are users of the financial report who are unable to request the preparation of reports tailored so as to satisfy specifically all of their information needs. This 'special purpose financial report' has been prepared at the request of the Board of Directors.

The accounting policies used in the preparation of this report, as described below, are in the opinion of the Director, appropriate to meet the needs of members.

Basis of preparation

The financial report has been prepared on the basis of historical cost, cost represents the fair values of consideration provided in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The financial statements have been prepared on a going concern basis.

Statement of compliance

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Cash Flow Statements', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and AASB 1054 'Australian Additional Disclosures'.

(i) Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have been included in the relevant notes of this financial report.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimate uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Notes to the Financial Statements (continued)**For the year ended 30 June 2014****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(b) Significant accounting judgements, estimates and assumptions***Impairment of non-financial assets*

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance or the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

Sale of RECs

Revenue is recognised when STCs are transferred out of the Company's REC registry account, ie when the forward sale of STCs is settled.

Rendering of services

Revenue from the provision of management services are recognised when the services are rendered.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(e) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

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

(f) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

(g) Inventories

Renewable energy certificates (RECs) are treated as inventory and are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Despite the fact that RECs are forward sold, they are purchased with the purpose of onselling them to another party on more favourable terms. RECs are held for sale in the ordinary course of business & therefore do not meet criteria of AASB 139 financial assets.

RECs on hand are recognised based on average cost.

(h) Financial Instruments - Initial recognition and subsequent measurement

(iii) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Notes to the Financial Statements (continued)**For the year ended 30 June 2014****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(i) Income tax***Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Other taxes

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

When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;

Receivables and payables, which are stated with the amount of GST included.

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

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

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

(l) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(n) New accounting standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 period.

The Directors assessment of the impact of these new standards and interpretations is that they will result in no changes to the amounts recognised in the financial statements, but may impact the type of information disclosed in the financial statements.

(o) Intercompany loans

Intercompany balances are recognised at cost. They are payable on demand and are not subject to interest unless specifically agreed otherwise.

ENVIRONMENTAL TRADE SERVICES PTY LIMITED

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|--|----------------|------------|
| 3 REVENUE AND EXPENSES | | |
| (a) Depreciation and amortisation expense | | |
| Depreciation of non-current assets | | |
| • Office equipment | 37,382 | - |
| Total depreciation and amortisation expense | 37,382 | - |
| (b) Other expenses | | |
| Advertising | 33,258 | - |
| Operating expenses | 34,309 | - |
| Consulting & Management expenses | 129,430 | - |
| Total other expenses | 196,997 | - |

4 INCOME TAX

Major components of income tax expense for the years ended 30 June 2014 and 30 June 2013 are:

Income Statement

| | | |
|--|----------------|----------|
| Current tax | 342,542 | - |
| Income tax expense reported in income statement | 342,542 | - |

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2014 and 30 June 2013 is as follows:

| | | |
|---|----------------|----------|
| Accounting profit before income tax | 1,141,807 | - |
| At the statutory income tax rate of 30% (2013: 30%) | 342,542 | - |
| Income tax expense | 342,542 | - |
| Effective income tax rate | 30% | 30% |
| Income tax expense reported in the income statement | 342,542 | - |

Tax consolidation

Environmental Trade Services Pty Limited is a 100% owned subsidiary of Urban Group Energy Holdings Pty Ltd and is a part of a tax consolidated group.

Urban Group Energy Holdings Pty Ltd is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis.

In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

ENVIRONMENTAL TRADE SERVICES PTY LIMITED

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|--|------------------|------------|
| 6 CASH AND CASH EQUIVALENTS | | |
| Cash in hand | 100 | 100 |
| Cash at bank | 15 | - |
| | <u>115</u> | <u>100</u> |
| Cash at bank earns interest at floating rates based on daily bank deposit rates. | | |
| Reconciliation of cash | | |
| For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following: | | |
| Cash in hand | 100 | 100 |
| Cash at bank | 15 | - |
| | <u>115</u> | <u>100</u> |
| Reconciliation from the net profit after tax to the net cash flows from operations | | |
| Net profit | 799,265 | - |
| <i>Adjustments for:</i> | | |
| Depreciation | 37,382 | - |
| (Increase)/decrease in trade debtors | (238) | - |
| (Increase)/decrease in other assets | (3,228,545) | - |
| Increase/(decrease) in trade creditors | 3,500,398 | - |
| | <u>1,108,262</u> | <u>-</u> |
| 7 TRADE AND OTHER RECEIVABLES (CURRENT) | | |
| Trade receivables | 185,294 | - |
| Related party receivables: | | |
| Wholly-owned group | | |
| - ultimate holding company | 4,199,075 | - |
| | <u>4,384,369</u> | <u>-</u> |
| 8 INVENTORIES | | |
| <i>Renewable energy certificates</i> | | |
| At cost | 3,571,086 | - |
| Total inventory at the lower of cost & net realisable value | <u>3,571,086</u> | <u>-</u> |
| 9 OTHER FINANCIAL ASSETS | | |
| Current | | |
| STC put option premium | 8,000 | - |
| | <u>8,000</u> | <u>-</u> |

ENVIRONMENTAL TRADE SERVICES PTY LIMITED

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|---|----------------|------------|
| 10 PROPERTY, PLANT AND EQUIPMENT | | |
| <i>Office equipment</i> | | |
| At cost | 200,137 | - |
| Accumulated depreciation | (37,382) | - |
| Net carrying amount | <u>162,755</u> | - |

11 INTANGIBLES

| | | |
|------------------------------|---------------|---|
| <i>Goodwill</i> | | |
| Cost (gross carrying amount) | 84,982 | - |
| Net carrying amount | <u>84,982</u> | - |

12 TRADE AND OTHER PAYABLES (CURRENT)

| | | |
|------------------------|------------------|---|
| Trade creditors | 191,414 | - |
| Other creditors | 812,310 | - |
| Goods and services tax | 2,681,730 | - |
| | <u>3,685,454</u> | - |

Trade payables are non-interest bearing and are normally settled on 7-30 day terms. Other creditors are non-interest bearing and have an average term of 30 days.

13 INTEREST-BEARING LOANS AND BORROWINGS

| | | |
|---------------------------------------|------------------|---|
| <i>Current</i> | | |
| ANZ facility for the purchase of STCs | 3,726,487 | - |
| | <u>3,726,487</u> | - |

Facility for purchase of STCs agreement with ANZ bank was executed 23 February 2015 & is subject to ISDA. The facility is recognised at amortised cost.

ENVIRONMENTAL TRADE SERVICES PTY LIMITED

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|---------------------------------------|------------|------------|
| 14 ISSUED CAPITAL AND RESERVES | | |
| (a) Ordinary shares | | |
| Ordinary shares | 100 | 100 |
| | <u>100</u> | <u>100</u> |
| <i>(i) Ordinary shares</i> | | |
| Issued and fully paid ordinary shares | 100 | 100 |
| | <u>100</u> | <u>100</u> |

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Capital management

Management controls the capital of the Company in order to provide the shareholders with adequate returns and to ensure the Company can fund its operations and continue as a going concern.

There are no externally imposed capital requirements on the Company.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of working capital, distributions to shareholders and share issues.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2014 and 30 June 2013.

ENVIRONMENTAL TRADE SERVICES PTY LIMITED

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

15 COMMITMENTS AND CONTINGENCIES

There were no commitments as at 30 June 2014 or 30 June 2013.

16 EVENTS AFTER BALANCE SHEET DATE

On 23 February 2015 STC aggregation business was sold to GoMarkets Environmental Trading Pty Limited as part of Solco Limited business acquisition. There were no other subsequent events after balance date.

Directors' Declaration

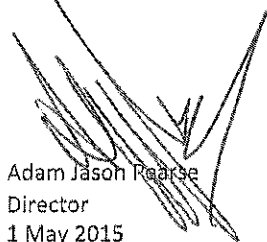
As detailed in Note 2, in the opinion of the Director, the Company is not a reporting entity. As such, it is unlikely there are users of the financial report who are unable to request the preparation of reports tailored so as to satisfy their information needs.

In the opinion of the directors:

The financial statements and notes of the company:

- (i) Present fairly the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) Comply with Accounting Standards as detailed in Note 2; and
- (iii) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Adam Jason Pearce
Director
1 May 2015

Independent Auditor's Report

To the Directors of Environmental Trade Services Pty Limited

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of Environmental Trade Services Pty Limited (the "Company"), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and 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.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the financial reporting requirements of the Board of Directors and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that is fairly presented in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with appropriate independence requirements. We have given to the directors of the Company a written Auditors Independence Declaration, a copy of which is included in the financial report.

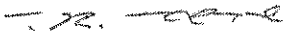
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Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of Environmental Trade Services Pty Limited as of 30 June 2014 and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist the Board of Directors of Environmental Trade Services Pty Limited, as a result, the financial report may not be suitable for another purpose.


.....
Matthew Moore
Registered Company Auditor

Dated 1 May 2015

UGE ENVIRONMENTAL TRADING PTY LTD

ABN 90 154 616 636

ANNUAL FINANCIAL REPORT
For the year ended 30 June 2013

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Directors' Report

Your directors submit their report for the year ended 30 June 2013.

DIRECTORS

The names of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

- Adam Jason Pearce
- Dean Roger Walker (Resigned: 2 June 2014)

DIVIDENDS

There were no dividends paid or declared from the beginning of the financial period to the date of signing of this report.

CORPORATE INFORMATION

UGE Environmental Trading Pty Ltd is a company limited by shares that is incorporated and domiciled in New South Wales, Australia.

The registered office of the company is: C/- LWM Group, Level 1, 106 Erina Street, Gosford NSW 2250.

The company had no employees at 30 June 2013 (2012: no employees).

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was reliable and secure RECs trading.

OPERATING RESULTS FOR THE YEAR

The profit after tax of the company for the year ended 30 June 2013 was \$3,127,601 (2012: \$1,325,530).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the company during the period.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events occurring after the balance date which may affect either the company's operations, results of those operations or the company's state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Directors' Report

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is not subject to any particular or significant environmental regulation under the law.

SHARE OPTIONS

No option to shares in the company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums to insure the officers of the company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company.

The total amount of insurance contract premiums paid by the parent entity Urban Group Energy Holdings Pty Ltd, covering all subsidiaries was \$120,000.

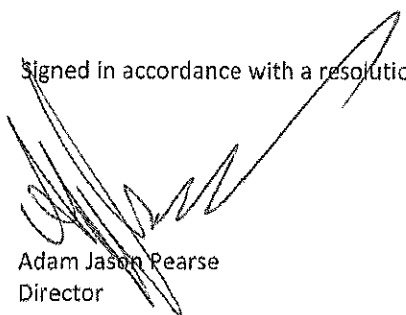
PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor. A copy has been included on page 5 of the report.

Signed in accordance with a resolution of the directors.



Adam Jason Pearse
Director

Sydney, 19 June 2014



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The Directors
UGE Environmental Trading Pty Ltd
Suite 2.03
4 Ilya Avenue
Erina NSW 2250

19 June 2014

Dear Directors

UGE ENVIRONMENTAL TRADING PTY LTD

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of UGE Environmental Trading Pty Ltd.

As lead audit partner for the audit of the financial report of UGE Environmental Trading Pty Ltd for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

A handwritten signature in cursive script that reads "John Haydon".

CROWE HORWATH SYDNEY

A handwritten signature in cursive script that reads "John Haydon".

JOHN HAYDON
Partner

Statement of Comprehensive Income

For the year ended 30 June 2013

| | Notes | 2013 \$ | 2012 \$ |
|--|-------|--------------------|------------------|
| Continuing operations | | | |
| Sale of goods | | 115,814,901 | 2,321,306 |
| Revenue | | 115,814,901 | 2,321,306 |
| Finance income | 3(a) | 94,364 | 1,802,500 |
| Other income/(loss) | 3(b) | 11,856 | 153,000 |
| Cost of sales | | (110,443,510) | (2,241,745) |
| Other expenses | 3(c) | (1,009,610) | (141,447) |
| Profit/(loss) before income tax | | 4,468,001 | 1,893,614 |
| Income tax (expense)/benefit | 4 | (1,340,400) | (568,084) |
| Profit/(loss) after tax | | 3,127,601 | 1,325,530 |
| Other comprehensive income for the year | | | |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 3,127,601 | 1,325,530 |

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

Statement of Financial Position

As at 30 June 2013

| | Notes | 2013 \$ | 2012 \$ |
|--------------------------------------|-------|-------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 6 | 637,883 | 100 |
| Trade and other receivables | 7 | 1,419,046 | 710,875 |
| Inventories | 8 | 5,155,105 | 23,578 |
| Other financial assets | 9 | 7,880,810 | 2,563,750 |
| Total Current Assets | | 15,092,844 | 3,298,303 |
| TOTAL ASSETS | | 15,092,844 | 3,298,303 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 10 | 2,531,999 | 718,843 |
| Other liabilities | 11 | 5,984,147 | 761,250 |
| Total Current Liabilities | | 8,516,146 | 1,480,093 |
| Non-current Liabilities | | | |
| Other liabilities | 11 | 1,554,468 | (48,173) |
| Deferred tax liabilities | 4 | 568,999 | 540,753 |
| Total Non-current Liabilities | | 2,123,467 | 492,580 |
| TOTAL LIABILITIES | | 10,639,613 | 1,972,673 |
| NET ASSETS | | 4,453,231 | 1,325,630 |
| EQUITY | | | |
| Issued capital | 12 | 100 | 100 |
| Retained earnings | | 4,453,131 | 1,325,530 |
| TOTAL EQUITY | | 4,453,231 | 1,325,630 |

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

Statement of Cash Flows

For the year ended 30 June 2013

| | Notes | 2013 \$ | 2012 \$ |
|---|----------|----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 126,606,192 | 1,939,774 |
| Payments to suppliers and employees | | (126,258,896) | (1,864,270) |
| Net cash flows from/(used in) operating activities | 6 | 347,296 | 75,504 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Advances to related parties | | - | (75,504) |
| Advances from related parties | | 290,487 | - |
| Net cash flows from/(used in) investing activities | | 290,487 | (75,504) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issues of ordinary shares | 12 | - | 100 |
| Net cash flows from/(used in) financing activities | | - | 100 |
| Net increase/(decrease) in cash and cash equivalents | | 637,783 | 100 |
| Cash and cash equivalents at beginning of period | | 100 | - |
| Cash and cash equivalents at end of period | 6 | 637,883 | 100 |

The above statement of cashflows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2013

| | <i>Issued capital</i> \$ | <i>Retained earnings</i> \$ | <i>Reserves</i> \$ | <i>Total equity</i> \$ |
|---|-----------------------------|--------------------------------|-----------------------|---------------------------|
| At 1 July 2011 | - | - | - | - |
| Currency translation differences | - | - | - | - |
| Total income and expense recognised directly in equity | - | - | - | - |
| Profit for the year | - | 1,325,530 | - | 1,325,530 |
| Total recognised income and expense for the year | - | 1,325,530 | - | 1,325,530 |
| Issue of share capital | 100 | - | - | 100 |
| Equity dividends paid/payable | - | - | - | - |
| At 30 June 2012 | 100 | 1,325,530 | - | 1,325,630 |
| Currency translation differences | - | - | - | - |
| Total income and expense recognised directly in equity | - | - | - | - |
| Profit for the year | - | 3,127,601 | - | 3,127,601 |
| Total recognised income and expense for the year | - | 3,127,601 | - | 3,127,601 |
| Issue of share capital | - | - | - | - |
| Equity dividends paid/payable | - | - | - | - |
| At 30 June 2013 | 100 | 4,453,131 | - | 4,453,231 |

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

Notes to the Financial Statements

For the year ended 30 June 2013

1 CORPORATE INFORMATION

The financial report of UGE Environmental Trading Pty Ltd for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 19 June 2014.

UGE Environmental Trading Pty Ltd is a company limited by shares incorporated and domiciled in Australia.

The nature of the operations and principal activities of the company are described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a special-purpose financial report, which has been prepared for distribution to the members to fulfill the directors' financial reporting requirements under the Corporations Act 2001. The accounting policies used in the preparation of this report, as described below, are in the opinion of the directors, appropriate to meet the needs of members. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments, which have been measured at fair value.

The financial report is presented in Australian dollars.

The disclosure requirements of Accounting Standards and other financial reporting requirements in Australia do not have mandatory applicability to UGE Environmental Trading Pty Ltd in relation to the year ended 30 June 2013 because it is not a "reporting entity". However, the directors have prepared the financial report in accordance with Accounting Standards and other financial reporting requirements in Australia with the following disclosure exceptions:

AASB 3: Business combination

AASB 7: Financial Instruments: Disclosure

AASB 8: Operating segment

AASB 124: Related Party Disclosures

AASB 132: Financial Instruments: Presentation

AASB 136: Impairment of Assets

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(i) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have most significant effect on the amounts recognised in the consolidated financial statements:

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimate uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Significant accounting judgements, estimates and assumptions

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance or the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenue from the provision of management services are recognised when the services are rendered.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

(e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Renewable energy certificates - average cost of certificates acquired.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(g) Financial Instruments - initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of AASB 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transactions costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments - Initial recognition and subsequent measurement (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB 139.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under AASB 139 are satisfied. The Company has not designated any financial assets at fair value through profit or loss.

The Company evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Company is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Company may elect to reclassify them. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised costs using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

The Company did not have any held-to-maturity investments during the years ended 30 June 2012 and 30 June 2013.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments - initial recognition and subsequent measurement (continued)

Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Company evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Company may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Company has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any differences between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

The company did not have any available for sale financial instruments.

Derecognition

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

- The rights to receive the cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Notes to the Financial Statements (continued)**For the year ended 30 June 2013****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(g) Financial Instruments - Initial recognition and subsequent measurement (continued)***(ii) Impairment of financial assets*

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a Company of financial assets is impaired. A financial asset or a Company of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal repayments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

Available-for-sale financial investments

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a Company of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement, is recognised in other comprehensive income. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments - initial recognition and subsequent measurement (continued)

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, described as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by AASB 139. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held-for-trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Company has not designated any financial liability as, at fair value through profit or loss.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments - initial recognition and subsequent measurement (continued)

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(v) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arms length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 13.

(h) Income tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income tax (continued)

Deferred tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Other taxes

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

When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;

Receivables and payables, which are stated with the amount of GST included.

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

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

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

(k) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(m) New accounting standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2013 period.

The Directors assessment of the impact of these new standards and interpretations is that they will result in no changes to the amounts recognised in the financial statements, but may impact the type of information disclosed in the financial statements.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

| | 2013 \$ | 2012 \$ |
|--|------------------|------------------|
| 3 REVENUE AND EXPENSES | | |
| <i>Revenue and Expenses from Continuing Operations</i> | | |
| (a) Finance income | | |
| Interest received - Bank & others | 201 | - |
| | 201 | - |
| Fair value change on derivatives | 94,163 | 1,802,500 |
| Total finance income | 94,364 | 1,802,500 |
| (b) Other income | | |
| Other income | 11,856 | 153,000 |
| Total other income | 11,856 | 153,000 |
| (c) Other expenses | | |
| Bad and doubtful debts | 22,048 | - |
| Professional and consulting | 799,547 | 140,750 |
| Other expenses | 188,015 | 697 |
| Total other expenses | 1,009,610 | 141,447 |

4 INCOME TAX

Major components of income tax expense for the years ended 30 June 2013 and 30 June 2012 are:

Income Statement

| | | |
|--|------------------|----------------|
| Current tax | 1,312,154 | 27,331 |
| Deferred tax | 28,246 | 540,753 |
| Income tax expense reported in income statement | 1,340,400 | 568,084 |

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2013 and 30 June 2012 is as follows:

| | | |
|---|------------------|----------------|
| Accounting profit before income tax | 4,468,001 | 1,893,614 |
| At the statutory income tax rate of 30% (2012: 30%) | 1,340,400 | 568,084 |
| Deferred tax adjustment | - | - |
| Income tax expense | 1,340,400 | 568,084 |
| Effective income tax rate | 30% | 30% |
| Income tax expense reported in the income statement | 1,340,400 | 568,084 |

Deferred income tax

Deferred income tax at 30 June relates to the following:

BALANCE SHEET

Deferred income tax liabilities

| | | |
|--|----------------|----------------|
| Opening balance | 540,753 | - |
| Fair value adjustment of derivatives | 28,246 | 540,753 |
| Gross deferred income tax liabilities | 568,999 | 540,753 |

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

| | 2013 \$ | 2012 \$ |
|--|----------------|------------|
| 4 INCOME TAX (continued) | | |
| Tax consolidation | | |
| UGE Environmental Trading Pty Ltd is a 100% owned subsidiary of Urban Group Energy Holdings Pty Ltd and is a part of a tax consolidated group. | | |
| Urban Group Energy Holdings Pty Ltd is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. | | |
| In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. | | |
| 5 DIVIDENDS PAID AND PROPOSED | | |
| <i>Declared and paid during the year:</i> | | |
| Dividends on ordinary shares: | | |
| Final dividend for 30 June 2012: | - | - |
| Final dividend for 30 June 2013: | - | - |
| | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |
| 6 CASH AND CASH EQUIVALENTS | | |
| Cash in hand | 100 | 100 |
| Cash at bank | 637,783 | - |
| | <u>637,883</u> | <u>100</u> |

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

Reconciliation of cash

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following:

| | | |
|--------------|----------------|------------|
| Cash in hand | 100 | 100 |
| Cash at bank | 637,783 | - |
| | <u>637,883</u> | <u>100</u> |

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

| | 2013 \$ | 2012 \$ |
|--|------------------|------------------|
| 6 CASH AND CASH EQUIVALENTS (continued) | | |
| Reconciliation from the net profit after tax to the net cash flows from operations | | |
| Net profit/(loss) | 3,127,601 | 1,325,530 |
| <i>Adjustments for:</i> | | |
| Bad and doubtful debts | 22,048 | - |
| Fair value change on derivatives | (94,163) | (1,802,500) |
| <i>Changes in assets and liabilities</i> | | |
| (Increase)/decrease in trade and other receivables | (730,219) | (710,875) |
| (Increase)/decrease in inventory | (5,131,527) | (23,578) |
| (Increase)/decrease in other assets | - | 2,115 |
| (Decrease)/increase in trade and other creditors | 3,153,556 | 1,284,812 |
| Net cash flow from/(used in) operating activities | <u>347,296</u> | <u>75,504</u> |
| 7 TRADE AND OTHER RECEIVABLES (CURRENT) | | |
| Trade receivables | 1,399,200 | 710,875 |
| Sundry debtors | 19,846 | - |
| | <u>1,419,046</u> | <u>710,875</u> |
| 8 INVENTORIES | | |
| <i>Renewable energy certificates</i> | | |
| At cost | 5,155,105 | 23,578 |
| Total inventory at the lower of cost & net realisable value | <u>5,155,105</u> | <u>23,578</u> |
| 9 OTHER FINANCIAL ASSETS | | |
| Current | | |
| Derivatives (a) | 7,880,810 | 2,563,750 |
| | <u>7,880,810</u> | <u>2,563,750</u> |
| <i>(a) Derivatives</i> | | |
| Forward buy contracts - STCs, ESCs and VEECs | 725,100 | 684,250 |
| Forward sell contracts - STCs, ESCs and VEECs | 7,155,710 | 1,879,500 |
| | <u>7,880,810</u> | <u>2,563,750</u> |

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

| | 2013 \$ | 2012 \$ |
|--|------------------|----------------|
| 10 TRADE AND OTHER PAYABLES (CURRENT) | | |
| Trade creditors | 1,356,138 | 716,728 |
| Other creditors | 918,204 | - |
| Goods and services tax | 257,657 | 2,115 |
| | 2,531,999 | 718,843 |

Trade payables are non-interest bearing and are normally settled on 7-30 day terms. Other creditors are non-interest bearing and have an average term of 30 days.

11 OTHER LIABILITIES

Current

| | | |
|-----------------|------------------|----------------|
| Derivatives (a) | 5,984,147 | 761,250 |
| | 5,984,147 | 761,250 |

(a) Derivatives

| | | |
|---|------------------|----------------|
| Forward sell contracts - STCs, ESCs and VEECs | 2,032,321 | 357,500 |
| Forward buy contracts - STCs, ESCs and VEECs | 3,951,826 | 403,750 |
| | 5,984,147 | 761,250 |

Non Current

Related party payables:

Wholly-owned group

- Ultimate holding company

| | | |
|--|------------------|-----------------|
| | 1,554,468 | (48,173) |
| | 1,554,468 | (48,173) |

12 ISSUED CAPITAL AND RESERVES

(a) Ordinary shares

| | | |
|-----------------|------------|------------|
| Ordinary shares | 100 | 100 |
| | 100 | 100 |

(i) Ordinary shares

| | | |
|----------------------------------|------------|------------|
| Issued and fully paid ORD shares | 100 | 100 |
| | 100 | 100 |

Fully paid ORD shares carry one vote per share and carry the right to dividends.

(b) Capital management

Management controls the capital of the Company in order to provide the shareholders with adequate returns and to ensure the Company can fund its operations and continue as a going concern.

There are no externally imposed capital requirements on the Company.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of working capital, distributions to shareholders and share issues.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2013 and 30 June 2012.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise derivatives and trade and other payables. The Company has trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Company enters in derivative transactions with respect to the sale and purchase of renewable energy certificates.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 30 June 2013 and 30 June 2012.

The sensitivity analyses have been prepared on the basis that the amount or proportion of financial instruments are all constant and on the basis at 30 June 2013.

The following assumptions have been made in calculating the sensitivity analyses:

- The statement of financial position sensitivity relates to derivative instruments.
 - The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks.
- This is based on the financial assets and liabilities held at 30 June 2013.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is not expected to materially affect Company's operations.

Foreign currency risk

The Company is not exposed to foreign currency price risk.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market Risk (continued)

Commodity price risk

The Company is not exposed to commodity price risk.

Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of Small-scale Technology Certificates ("STC's"), Energy savings Scheme Certificates ("ESC's") or Victorian Energy Efficiency Certificates ("VEEC's"), collectively known as green energy certificates.

The following tables demonstrate the sensitivity to a reasonably possible change in the price of green energy certificates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

| | Change in price of certificate | Effect on profit before tax \$ | Change in price of | Effect on profit before tax \$ |
|---------------------|--------------------------------------|---|--------------------------|---|
| 30 June 2013 | | | | |
| STC's | +5% | 65,136 | -5% | (65,136) |
| ESC's | +5% | (322,652) | -5% | 322,652 |
| VEEC's | +5% | (107,306) | -5% | 107,150 |
| 30 June 2012 | | | | |
| STC's | +5% | (61,875) | -5% | 61,875 |
| ESC's | +5% | (553,500) | -5% | 553,500 |
| VEEC's | +5% | - | -5% | - |

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade receivables

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that customers are credit worthy and includes the utilisation of systems or the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers. Such monitoring is used in assessing receivables for impairment.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value disclosed in Note 7. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low.

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market Risk (continued)

Credit risk (continued)

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed through maintaining procedures to ensure that surplus funds are only invested with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the risk committee and the Company's board of directors on a regular basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments.

The Company's maximum exposure to credit risk for financial derivative instruments at 30 June 2013 and 30 June 2012 is the carrying amounts as illustrated in Note 9.

Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to its financial liabilities. The Company manages this risk through the following mechanisms:

- Preparation of forward-looking cash flow models in relation to its operational, investing and financing activities;
- Maintaining a reputable credit profile; and
- Managing credit risk related to financial assets.

The table below summarises the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted payments. Cash flows realised from financial assets reflect management's expectations as to timing of realisation. Actual timing may therefore differ from that disclosed.

| Year ended 30 June 2013 | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|---------------------|-----------------|-----------------|------------------|
| <i>Financial assets cash flows realisable</i> | | | | |
| Cash and cash equivalents | 637,883 | - | - | 637,883 |
| Trade and other receivables | 1,419,046 | - | - | 1,419,046 |
| Other financial assets | 7,880,810 | - | - | 7,880,810 |
| Total anticipated inflows | 9,937,739 | - | - | 9,937,739 |

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity Risk (continued)

| Year ended | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|--|---------------------|-----------------|-----------------|------------------|
| <i>Financial liabilities due for payment</i> | | | | |
| Trade and other payables | 2,531,999 | - | - | 2,531,999 |
| Other liabilities | 5,984,147 | - | - | 5,984,147 |
| Total expected outflows | 8,516,146 | - | - | 8,516,146 |
| Net inflow / (outflow) | 1,421,593 | - | - | 1,421,593 |

| Year ended 30 June 2012 | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|---------------------|-----------------|-----------------|------------------|
| <i>Financial assets cash flows realisable</i> | | | | |
| Trade and other receivables | 710,875 | - | - | 710,875 |
| Other financial assets | 2,563,750 | - | - | 2,563,750 |
| Total anticipated inflows | 3,274,625 | - | - | 3,274,625 |

| | | | | |
|--|------------------|----------|----------|------------------|
| <i>Financial liabilities due for payment</i> | | | | |
| Trade and other payables | 718,843 | - | - | 718,843 |
| Other liabilities | 761,250 | - | - | 761,250 |
| Total expected outflows | 1,480,093 | - | - | 1,480,093 |
| Net inflow / (outflow) | 1,794,532 | - | - | 1,794,532 |

Notes to the Financial Statements (continued)

For the year ended 30 June 2013

14 COMMITMENTS AND CONTINGENCIES

There were no commitments as at 30 June 2013 or 30 June 2012.

Directors' Declaration

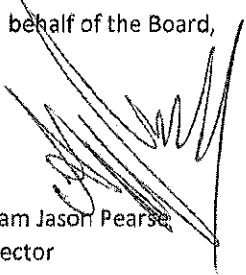
In accordance with a resolution of the directors of UGE Environmental Trading Pty Ltd, I state that:

In the opinion of the directors:

(a) The financial statements and notes of the company are in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (ii) Complying with Accounting Standards and Corporations Regulations 2001; and
- (iii) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Adam Jason Pearse
Director

Sydney, 19 June 2014

Independent Auditor's Report to the Members of UGE Environmental Trading Pty Ltd

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of UGE Environmental Trading Pty Ltd, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the 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 company.

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 and have determined that the accounting policies described in Note 2 of the financial report are appropriate to meet the requirements of the *Corporations Act 2001* and to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



Independence

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

Basis for Qualified Opinion

The comparative financial information for the year ended 30 June 2012 was not audited. We were unable to obtain sufficient appropriate audit evidence regarding the comparatives. Therefore no opinion can be expressed in relation to the prior year comparatives presented in this financial report.

Auditor's Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of UGE Environmental Trading Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 2; and
- b. complying with Australian Accounting Standards to the extent described in Note 2 and complying with the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

A handwritten signature in dark ink, appearing to read "J Haydon".

JOHN HAYDON
Partner

Dated this 19 day of June 2014

UGE ENVIRONMENTAL TRADING PTY LTD

ABN 90 154 616 636

ANNUAL FINANCIAL REPORT
For the year ended 30 June 2014

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UGE ENVIRONMENTAL TRADING PTY LTD

Directors' Report

Your directors submit their report for UGE Environmental Trading Pty Ltd (the company) for the year ended 30 June 2014.

DIRECTORS

The names of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

- Adam Jason Pearse
- Dean Roger Walker (Resigned: 2 June 2014)

Adam James Pearse also held a position of a secretary during the financial periods presented.

DIVIDENDS

There were no dividends paid or declared from the beginning of the financial period to the date of signing of this report.

CORPORATE INFORMATION

UGE Environmental Trading Pty Ltd is a company limited by shares that is incorporated and domiciled in New South Wales, Australia.

The registered office of the company is: C/- LWM Group, Level 1, 106 Erina Street, Gosford NSW 2250.

The company had no employees at 30 June 2014 (2013: no employees).

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was reliable and secure Renewable Energy Certificates (RECs) trading.

OPERATING RESULTS FOR THE YEAR

The loss after tax of the company for the year ended 30 June 2014 was \$3,283,388 (2013: profit \$1,692,780).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the company during the period.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events occurring after the balance date which may affect either the company's operations, results of those operations or the company's state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

URGE ENVIRONMENTAL TRADING PTY LTD

Directors' Report

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is not subject to any particular or significant environmental regulation under the law.

SHARE OPTIONS

No option to shares in the company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums to insure the officers of the company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company.

The total amount of insurance contract premiums paid by the parent entity Urban Group Energy Holdings Pty Ltd, covering all subsidiaries was \$120,000.

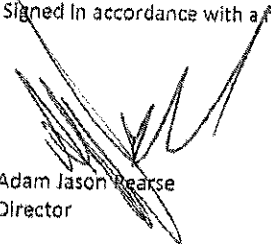
PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor. A copy has been included on page 5 of the report.

Signed in accordance with a resolution of the directors.



Adam Jason Pearce
Director

Sydney, 1 May 2015

Auditor's Independence Declaration

To the Directors of UGE Environmental Trading Pty Limited

As engagement partner for the audit of UGE Environmental Trading Pty Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Matthew Moore
Registered Company Auditor

Dated 1 May 2015

www.lwm.com.au

UGF ENVIRONMENTAL TRADING PTY LTD

Statement of Comprehensive Income **For the year ended 30 June 2014**

| | Notes | 2014 \$ | 2013 Restated \$ |
|--|-------|----------------------|---------------------|
| Continuing operations | | | |
| Sale of goods | | 1,033,362,174 | 115,814,901 |
| Revenue | | 1,033,362,174 | 115,814,901 |
| Cost of sales | | (1,037,147,037) | (112,493,226) |
| Gross profit | | (3,784,863) | 3,321,675 |
| Finance income/(expense) | 3(a) | (2,479,893) | 94,364 |
| Other income | 3(b) | 2,265,438 | 11,856 |
| Other expenses | 3(c) | (691,265) | (1,009,610) |
| Profit/(loss) before income tax | | (4,690,583) | 2,418,285 |
| Income tax (expense)/benefit | 4 | 1,407,195 | (725,505) |
| Profit/(loss) after tax | | (3,283,388) | 1,692,780 |
| Other comprehensive income for the year | | | |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | (3,283,388) | 1,692,780 |

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

UGF ENVIRONMENTAL TRADING PTY LTD

Statement of Financial Position

As at 30 June 2014

| | Notes | 2014 \$ | 2013 Restated \$ |
|--------------------------------------|-------|------------------|---------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 5 | 526 | 552,883 |
| Trade and other receivables | 6 | 95 | 1,419,046 |
| Inventories | 7 | 100,245 | 5,155,105 |
| Other financial assets | 8 | 923,204 | 7,965,810 |
| Total Current Assets | | 1,024,070 | 15,092,844 |
| Non-current Assets | | | |
| Other financial assets | 8 | 4,163,421 | - |
| Deferred tax assets | 4 | 177,288 | - |
| Property, plant and equipment | 9 | 78,097 | - |
| Total Non-current Assets | | 4,418,806 | - |
| TOTAL ASSETS | | 5,442,876 | 15,092,844 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 10 | 4,152,509 | 4,581,715 |
| Other liabilities | 11 | 1,491,663 | 5,984,147 |
| Total Current Liabilities | | 5,644,172 | 10,565,862 |
| Non-current Liabilities | | | |
| Other liabilities | 11 | 63,682 | 939,573 |
| Deferred tax liabilities | 4 | - | 568,999 |
| Total Non-current Liabilities | | 63,682 | 1,508,572 |
| TOTAL LIABILITIES | | 5,707,854 | 12,074,434 |
| NET ASSETS | | (264,978) | 3,018,410 |
| EQUITY | | | |
| Issued capital | 12 | 100 | 100 |
| Retained earnings | | (265,078) | 3,018,310 |
| TOTAL EQUITY | | (264,978) | 3,018,410 |

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

UGE ENVIRONMENTAL TRADING PTY LTD

Statement of Cash Flows

For the year ended 30 June 2014

| | Notes | 2014 \$ | 2013 \$ |
|--|-------|--------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 1,140,784,345 | 126,521,192 |
| Payments to suppliers and employees | | (1,137,463,013) | (126,258,896) |
| Net cash flows from/(used in) operating activities | 5 | <u>3,321,332</u> | <u>262,296</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payment for property plant & equipment | | (78,097) | - |
| Advances to related parties | | (3,795,592) | - |
| Advances from related parties | | - | 290,487 |
| Net cash flows from/(used in) investing activities | | <u>(3,873,689)</u> | <u>290,487</u> |
| Net increase/(decrease) in cash and cash equivalents | | (552,357) | 552,783 |
| Cash and cash equivalents at beginning of period | | 552,883 | 100 |
| Cash and cash equivalents at end of period | 5 | <u><u>526</u></u> | <u><u>552,883</u></u> |

The above statement of cashflows should be read in conjunction with the accompanying notes.

UGE ENVIRONMENTAL TRADING PTY LTD

Statement of Changes in Equity For the year ended 30 June 2014

| | <i>Issued capital</i> \$ | <i>Retained earnings</i> \$ | <i>Total equity</i> \$ |
|--|-----------------------------|--------------------------------|---------------------------|
| At 30 June 2012 | 100 | 1,325,530 | 1,325,630 |
| Total income and expense recognised directly in equity | | | |
| Profit for the year | - | 1,692,780 | 1,692,780 |
| Total recognised Income and expense for the year | - | 1,692,780 | 1,692,780 |
| At 30 June 2013 | 100 | 3,018,310 | 3,018,410 |
| Total income and expense recognised directly in equity | | | |
| Profit for the year | - | (3,283,388) | (3,283,388) |
| Total recognised income and expense for the year | - | (3,283,388) | (3,283,388) |
| At 30 June 2014 | 100 | (265,078) | (264,978) |

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

Notes to the Financial Statements

For the year ended 30 June 2014

1 CORPORATE INFORMATION

The financial report of UGE Environmental Trading Pty Ltd for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 1 May 2015.

UGE Environmental Trading Pty Ltd is a company limited by shares incorporated and domiciled in Australia.

The nature of the operations and principal activities of the company are described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial reporting framework

The Company is not a reporting entity as the Directors have determined it is unlikely there are users of the financial report who are unable to request the preparation of reports tailored so as to satisfy specifically all of their information needs. This 'special purpose financial report' has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

The accounting policies used in the preparation of this report, as described below, are in the opinion of the Director, appropriate to meet the needs of members.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the valuation of certain financial assets and liabilities. Cost represents the fair values of consideration provided in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The financial statements have been prepared on a going concern basis as there is financial support confirmed by the company's parent entity.

Statement of compliance

The financial statements have been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Cash Flow Statements', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and AASB 1054 'Australian Additional Disclosures'.

Restatement of comparatives

The figures reported for the year ended 30 June 2013 have been restated to correct the balance sheet and income statement as detailed in note 15.

(i) Judgements

In the process of applying the Company's accounting policies, management has made judgements which have been included in the relevant notes of this financial report.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimate uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Significant accounting judgements, estimates and assumptions

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance or the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

In relation to the trading of energy certificates this occurs on the contract transfer date.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

(e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Renewable energy certificates - average cost of certificates acquired.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(g) Financial Instruments - Initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of AASB 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transactions costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments - Initial recognition and subsequent measurement (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB 139.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under AASB 139 are satisfied. The Company has not designated any financial assets at fair value through profit or loss.

The Company evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Company is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Company may elect to reclassify them. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised costs using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

The Company did not have any held-to-maturity investments during the years ended 30 June 2013 and 30 June 2014.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments - Initial recognition and subsequent measurement (continued)

Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Company evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Company may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Company has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any differences between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

The company did not have any available for sale financial instruments.

Derecognition

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

- The rights to receive the cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments - Initial recognition and subsequent measurement (continued)

(ii) Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal repayments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

Available-for-sale financial investments

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement, is recognised in other comprehensive income. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments - initial recognition and subsequent measurement (continued)

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, described as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by AASB 139. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held-for-trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Company has not designated any financial liability as, at fair value through profit or loss.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments - initial recognition and subsequent measurement (continued)

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(v) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arms length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

(h) Income tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income tax (continued)

Deferred tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;

Receivables and payables, which are stated with the amount of GST included.

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

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

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

(k) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(m) New accounting standards for application in future periods

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 period.

The Directors assessment of the impact of these new standards and interpretations is that they will result in no changes to the amounts recognised in the financial statements, but may impact the type of information disclosed in the financial statements.

(n) Intercompany loans

Intercompany balances are recognised at cost. They are payable on demand and are not subject to interest unless specifically agreed otherwise.

UGI ENVIRONMENTAL TRADING PTY LTD

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|--|--------------------|------------------|
| 3 REVENUE AND EXPENSES | | |
| <i>Revenue and Expenses from Continuing Operations</i> | | |
| (a) Finance (expense)/income | | |
| Interest received - Bank & others | 7,730 | 201 |
| Fair value change on derivatives | (2,487,623) | 94,163 |
| Total finance (expense) / income | (2,479,893) | 94,364 |
| (b) Other income | | |
| Insurance recoveries | 554,438 | |
| Premiums paid on call options | 1,711,000 | 11,856 |
| Total other income | 2,265,438 | 11,856 |
| (c) Other expenses | | |
| Bad and doubtful debts | 26,095 | 22,048 |
| Professional and consulting | 534,864 | 799,547 |
| Other expenses | 130,306 | 188,015 |
| Total other expenses | 691,265 | 1,009,610 |

4 INCOME TAX

Major components of income tax expense for the years ended 30 June 2014 and 30 June 2013 are:

Income Statement

| | | |
|--|--------------------|----------------|
| Current tax | (660,908) | 697,256 |
| Deferred tax | (746,287) | 28,249 |
| Income tax expense reported in income statement | (1,407,195) | 725,505 |

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2014 and 30 June 2013 is as follows:

| | | |
|---|--------------------|----------------|
| Accounting profit before income tax | (4,690,583) | 2,418,285 |
| At the statutory income tax rate of 30% (2013: 30%) | (1,407,175) | 725,486 |
| Income tax expense | (1,407,175) | 725,486 |
| Effective income tax rate | 30% | 30% |
| Income tax expense reported in the income statement | (1,407,195) | 725,505 |

Deferred income tax

Deferred income tax at 30 June relates to the following:

BALANCE SHEET

Deferred income tax liabilities

| | | |
|--|------------------|----------------|
| Opening balance | 568,999 | 540,753 |
| Fair value adjustment of derivatives | (746,287) | 28,246 |
| Gross deferred income tax liabilities | (177,288) | 568,999 |

UGE ENVIRONMENTAL TRADING PTY LTD

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|--|------------------|------------------|
| 4 INCOME TAX (continued) | | |
| Tax consolidation | | |
| UGE Environmental Trading Pty Ltd is a 100% owned subsidiary of Urban Group Energy Holdings Pty Ltd and is a part of a tax consolidated group. | | |
| Urban Group Energy Holdings Pty Ltd is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. | | |
| In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. | | |
| 5 CASH AND CASH EQUIVALENTS | | |
| Cash in hand | 100 | 100 |
| Cash at bank | 426 | 552,783 |
| | <u>526</u> | <u>552,883</u> |
| Cash at bank earns interest at floating rates based on daily bank deposit rates. | | |
| Reconciliation of cash | | |
| For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following: | | |
| Cash in hand | 100 | 100 |
| Cash at bank | 426 | 552,783 |
| | <u>526</u> | <u>552,883</u> |
| Reconciliation from the net profit after tax to the net cash flows from operations | | |
| Net profit/(loss) | (3,283,388) | 1,692,780 |
| <i>Adjustments for:</i> | | |
| Bad and doubtful debts | 26,095 | 22,048 |
| Fair value change on derivatives | 2,487,623 | (94,163) |
| <i>Changes in assets and liabilities</i> | | |
| (Increase)/decrease in trade and other receivables | 1,392,430 | (730,219) |
| (Increase)/decrease in inventory | 5,054,860 | (5,131,527) |
| (Decrease)/increase in trade and other creditors | (2,435,011) | 4,503,377 |
| Net cash flow from/(used in) operating activities | <u>3,242,609</u> | <u>262,296</u> |
| 6 TRADE AND OTHER RECEIVABLES (CURRENT) | | |
| Trade receivables | 95 | 1,399,200 |
| Sundry debtors | - | 19,846 |
| | <u>95</u> | <u>1,419,046</u> |

UGE ENVIRONMENTAL TRADING PTY LTD

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|---|----------------|------------------|
| 7 INVENTORIES | | |
| <i>Renewable energy certificates</i> | | |
| At cost | 100,245 | 5,155,105 |
| Total inventory at the lower of cost & net realisable value | <u>100,245</u> | <u>5,155,105</u> |

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The fair value of the unlisted available-for-sale investments has been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. Management believes the estimated fair values resulting from the valuation techniques and recorded in the balance sheet and the related changes in fair values recorded in the income

Management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation models and has quantified this as a reduction in fair value of approximately \$550,000 using less favourable assumptions and an increase in fair value of approximately

8 OTHER FINANCIAL ASSETS

| | | |
|----------------------------|------------------|------------------|
| Current | | |
| STC option premium | 22,500 | 85,000 |
| Derivatives | 900,704 | 7,880,810 |
| | <u>923,204</u> | <u>7,965,810</u> |
| Non-Current | | |
| Related party receivables: | | |
| Wholly-owned group | | |
| • ultimate holding company | 4,163,421 | - |
| | <u>4,163,421</u> | <u>-</u> |

9 PROPERTY, PLANT AND EQUIPMENT

| | | |
|-------------------------|---------------|----------|
| <i>Office equipment</i> | | |
| At cost | 78,097 | - |
| Net carrying amount | <u>78,097</u> | <u>-</u> |

10 TRADE AND OTHER PAYABLES (CURRENT)

| | | |
|------------------------|------------------|------------------|
| Trade creditors | 4,208,013 | 1,356,138 |
| Other creditors | - | 2,967,920 |
| Goods and services tax | (55,504) | 257,657 |
| | <u>4,152,509</u> | <u>4,581,715</u> |

Trade payables are non-interest bearing and are normally settled on 7-30 day terms. Other creditors are non-interest bearing and have an average term of 30 days.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

| | 2014 \$ | 2013 \$ |
|---------------------------------------|------------------|------------------|
| 11 OTHER LIABILITIES | | |
| Current | | |
| Derivatives | 1,491,663 | 5,984,147 |
| | <u>1,491,663</u> | <u>5,984,147</u> |
| Non Current | | |
| Related party payables: | | |
| Wholly-owned group | | |
| • Ultimate holding company | 63,682 | 939,573 |
| | <u>63,682</u> | <u>939,573</u> |
| 12 ISSUED CAPITAL AND RESERVES | | |
| (a) Ordinary shares | | |
| Ordinary shares | 100 | 100 |
| | <u>100</u> | <u>100</u> |
| <i>(i) Ordinary shares</i> | | |
| Issued and fully paid ordinary shares | 100 | 100 |
| | <u>100</u> | <u>100</u> |

Fully paid ORD shares carry one vote per share and carry the right to dividends.

(b) Capital management

Management controls the capital of the Company in order to provide the shareholders with adequate returns and to ensure the Company can fund its operations and continue as a going concern.

There are no externally imposed capital requirements on the Company.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of working capital, distributions to shareholders and share issues.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2014 and 30 June 2013.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

14 COMMITMENTS AND CONTINGENCIES

There were no commitments as at 30 June 2014 or 30 June 2013.

15 CORRECTION OF ERROR

An error was identified in sundry creditors balance as at 30 June 2013. It was corrected during 2014 financial period.

| | 30 June 2013 | Increase/ (Decrease) | 30 June 2013 Restated | 1 July 2012 |
|---------------------------------------|------------------|-------------------------|--------------------------|------------------|
| Balance sheet (extract) | | | | |
| Trade and other payables | 2,531,999 | 2,049,716 | 4,581,715 | 718,843 |
| Net assets | 4,453,231 | (1,434,821) | 3,018,410 | 1,325,630 |
| Retained Earnings | 4,453,131 | (1,434,821) | 3,018,310 | 1,325,630 |
| Income statement (extract) | | | | |
| Cost of sales | (110,443,510) | (2,049,716) | (112,493,226) | (2,241,745) |
| Profit before tax | 4,468,001 | (2,049,716) | 2,418,285 | 1,893,614 |
| Income tax expense | (1,340,400) | 614,895 | (725,505) | (568,084) |
| Profit after tax | 3,127,601 | (1,434,821) | 1,692,780 | 1,325,530 |
| Total comprehensive income for | 3,127,601 | (1,434,821) | 1,692,780 | 1,325,530 |

16 EVENTS AFTER BALANCE DATE

STCs aggregation business was sold to Solco Limited on 23 February 2015. There were no other subsequent events.

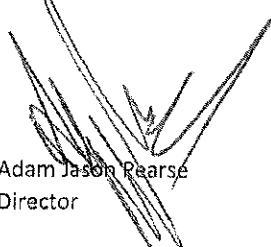
Directors' Declaration

As detailed in Note 2, in the opinion of the Directors, the Company is not a reporting entity. As such, it is unlikely there are users of the financial report who are unable to request the preparation of reports tailored so as to satisfy their information needs.

In the opinion of the directors:

- (a) The financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
- (i) Giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) Complying with Accounting Standards and Corporations Regulations 2001; and
 - (iii) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Adam Jason Pearse
Director

Sydney, 1 May 2015

Independent Auditor's Report

To the Directors of UGE Environmental Trading Pty Limited

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of UGE Environmental Trading Pty Limited (the Company), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and 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.

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 and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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Opinion

In our opinion the financial report of UGE Environmental Trading Pty Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist UGE Environmental Trading Pty Limited to comply with the financial reporting provisions of *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.


Matthew Moore
Registered Company Auditor

Dated 1 May 2015

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