

30 November 2015

Company Announcements Office  
Australian Securities Exchange  
10<sup>th</sup> Floor  
20 Bond Street  
SYDNEY NSW 2000

**Announcement Number 298**

**Via: ASX Online**

**Number of Pages: 13** (including this page)

**ASX Code: CCF**

Dear Sir or Madam

## **Carbon Conscious Limited Appendix 4E Final Report and Accounts for the year ended 30 September 2015**

The Directors of Carbon Conscious Limited (the Company) are pleased to present to the market the Preliminary Final Report (ASX Appendix 4E) for the financial year ended 30 September 2015.

**Yours faithfully**



**Andrew McBain**  
**Executive Director**

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# **CARBON CONSCIOUS LIMITED**

ABN 20 129 035 221

ASX Preliminary Final Report  
Appendix 4E

30 September 2015

Lodged with the ASX under Listing Rule 4.3A

## Results for Announcement to the Market

### Consolidated

|  |         | 2015<br>\$'000 | 2014<br>\$'000 |
|--|---------|----------------|----------------|
| Revenue from ordinary activities               | Up 16%  | 3,072          | 2,655          |
| Profit/(loss) before income tax                | Up 109% | 265            | (3,040)        |
| Total comprehensive income/(loss) for the year | Up 106% | 108            | (1,877)        |

In the 2015 financial year, the Company received revenue and incurred expenses associated with long term contracts to manage carbon plantations on behalf of clients both in Australia and New Zealand. The revenue and resultant profit/loss for the year reflects this activity.

The EBITDA profit for 2015 is \$1.04 million, up from \$0.54 million (after adjustments) in 2014.

The Company considers EBITDA to be the best measure of the existing business profitability due to the nature of the carbon plantation business, which includes long term contracts, land and forestry right assets and significant non-cash items, which are deducted to achieve the net profit. For example, amortisation of forestry rights expense was \$889,230 in 2015.

### Dividends

No dividends have been paid or declared since the start of the financial period and the directors do not recommend the payment of a dividend in respect of the financial period.

### Review of Operations

The Company continues to focus on delivery against its existing contracts with customers, improving operational efficiency, accelerated repayment of debt and reviewing new business opportunities.

The majority of the Company's activities and cash-flow are based on managing carbon plantation assets for customers with the remainder of cash-flow being generated from new business or balance sheet carbon sales.

Carbon Conscious has long term management contracts (out till 2027 in Australia) with major counterparties. The management contracts underpin the cash-flow of the business with circa \$32 million in contracted revenue to be received out till 2027 from Australia, and further revenue from annual spot sales of approximately NZ \$8 million from New Zealand.

On 9 November, the Company announced that it has terminated its agreement in New Zealand under mutual agreement with its customer. The outcome for the Company is that its revenue from New Zealand Units sales is no longer contracted, but can still be generated from on market sales. In addition, the Company is now in a position to sell the land and forestry assets, which are expected to generate between NZ \$3 million to \$4 million, which if realised, will be applied to debt and new business opportunities.

In 2015 the Company is pleased to have reduced debt by circa \$1.8 million, with a further \$0.2 million having been repaid since the reporting date. The Company advised on 2 November that all convertible notes have been repaid and that our expectations are that debt will be reduced to zero by November 2016.

Carbon Conscious has been actively evaluating new opportunities with a focus on expanding its current agricultural business to include potential dairy projects in Western Australia. Whilst no agreements have been made to date, the Company will continue to provide updates as and when they are required.

**Preliminary Statement of Comprehensive Income  
For the year ended 30 September 2015**

|   | Note | 2015<br>\$     | 2014<br>\$         |
|---|------|----------------|--------------------|
| Revenue   | 3    | 3,072,278      | 2,655,231          |
| Operating expenses  |      | (699,296)      | (673,384)          |
| Administrative expenses   |      | (269,881)      | (589,497)          |
| Marketing expenses  |      | (65,097)       | (21,047)           |
| Employee benefits expense   |      | (766,962)      | (619,176)          |
| Occupancy expenses  |      | (173,960)      | (213,301)          |
| Finance expenses  |      | (229,980)      | (366,168)          |
| Depreciation and amortisation expenses  |      | (889,230)      | (735,301)          |
| Share based payments  |      | (56,472)       | -                  |
| Other costs   | 4    | 343,245        | (2,477,445)        |
| <b>Profit/(loss) before income tax</b>  |      | <b>264,645</b> | <b>(3,040,088)</b> |
| Income tax (expense)/benefit  | 5    | (173,435)      | 1,194,110          |
| <b>Net (loss)/profit attributable to members</b>                                      |      | <b>91,210</b>  | <b>(1,845,978)</b> |
| <b>Other comprehensive income</b>   |      |                |                    |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                 |      |                |                    |
| Exchange differences on translating foreign controlled entities                       |      | 16,981         | (30,534)           |
| <b>Total comprehensive (loss)/income attributable to members of the parent entity</b> |      | <b>108,191</b> | <b>(1,876,512)</b> |
| Basic (loss)/earnings per share (cents per share)                                     | 6    | 0.08           | (1.77)             |
| Diluted (loss)/earnings per share (cents per share)                                   | 6    | 0.08           | (1.77)             |

The accompanying notes form part of these financial statements.

**Preliminary Consolidated Statement of Financial Position  
As at 30 September 2015**

|                                      | Note | 2015<br>\$        | 2014<br>restated<br>\$ |
|--------------------------------------|------|-------------------|------------------------|
| <b>Current Assets</b>                |      |                   |                        |
| Cash and cash equivalents            | 9    | 386,831           | 313,055                |
| Trade and other receivables          |      | 595,473           | 577,592                |
| Income tax refundable                |      | 419,273           | 281,055                |
| Investments                          |      | 20,324            | 13,824                 |
| Other assets                         |      | 226,406           | 414,354                |
| <b>Total Current Assets</b>          |      | <b>1,648,307</b>  | <b>1,599,880</b>       |
| <b>Non-Current Assets</b>            |      |                   |                        |
| Intangible assets                    |      | 4,301,852         | 3,688,318              |
| Property, plant and equipment        |      | 8,506,213         | 9,872,697              |
| Inventories                          |      | 299,184           | 378,671                |
| Deferred tax asset                   | 10   | -                 | 226,831                |
| <b>Total Non-Current Assets</b>      |      | <b>13,107,249</b> | <b>14,166,517</b>      |
| <b>TOTAL ASSETS</b>                  |      | <b>14,755,556</b> | <b>15,766,397</b>      |
| <b>Current Liabilities</b>           |      |                   |                        |
| Trade and other payables             |      | 469,891           | 495,201                |
| Interest-bearing liabilities         |      | 813,963           | 1,891,456              |
| <b>Total Current Liabilities</b>     |      | <b>1,286,854</b>  | <b>2,386,657</b>       |
| <b>Non-Current Liabilities</b>       |      |                   |                        |
| Interest-bearing liabilities         |      | 1,196,580         | 1,943,500              |
| Deferred tax liability               | 10   | 82,904            | -                      |
| <b>Total Non-Current Liabilities</b> |      | <b>1,279,484</b>  | <b>1,943,500</b>       |
| <b>TOTAL LIABILITIES</b>             |      | <b>2,566,338</b>  | <b>4,330,157</b>       |
| <b>NET ASSETS</b>                    |      | <b>12,192,218</b> | <b>11,436,240</b>      |
| <b>Equity</b>                        |      |                   |                        |
| Issued capital                       | 11   | 13,984,212        | 13,392,896             |
| Reserves                             |      | 1,262,634         | 1,189,182              |
| Accumulated losses                   | 10   | (3,054,628)       | (3,145,838)            |
| <b>TOTAL EQUITY</b>                  |      | <b>12,192,218</b> | <b>11,436,240</b>      |

The accompanying notes form part of these financial statements.

**Preliminary Consolidated Statement of Changes in Equity  
For the year ended 30 September 2015**

|  | <b>Issued<br/>Capital</b> | <b>Retained<br/>Earnings</b> | <b>Option<br/>Reserve</b> | <b>Foreign<br/>Currency<br/>Translation<br/>Reserve</b> | <b>Total</b>       |
|--|---------------------------|------------------------------|---------------------------|---|--------------------|
|  | \$                        | \$                           | \$                        | \$  | \$                 |
| Balance at 1 October 2014 (restated)               | 13,358,379                | (1,299,860)                  | 899,869                   | 319,847   | 13,278,235         |
| Profit attributable to members                     | -                         | (1,845,978)                  | -                         | -   | (1,845,978)        |
| Foreign currency translation differences           | -                         | -                            | -                         | (30,534)  | (30,534)           |
| <b>Total comprehensive income for the year</b>     | <b>-</b>                  | <b>(1,845,978)</b>           | <b>-</b>                  | <b>(30,534)</b>   | <b>(1,876,512)</b> |
| Shares issued during the year                      | 36,250                    | -                            | -                         | -   | 36,250             |
| Transaction costs on shares issued during the year | (1,733)                   | -                            | -                         | -   | (1,733)            |
| <b>Balance at 30 September 2014</b>                | <b>13,392,896</b>         | <b>(3,145,838)</b>           | <b>899,869</b>            | <b>289,313</b>  | <b>11,436,240</b>  |
| Balance at 1 October 2014                          | 13,392,896                | (3,145,838)                  | 899,869                   | 289,313   | 11,436,240         |
| Profit attributable to members                     | -                         | 91,210                       | -                         | -   | 91,210             |
| Foreign currency translation differences           | -                         | -                            | -                         | 16,981  | 16,981             |
| <b>Total comprehensive loss for the year</b>       | <b>-</b>                  | <b>91,210</b>                | <b>-</b>                  | <b>16,981</b>   | <b>108,191</b>     |
| Shares issued during the year                      | 655,360                   | -                            | -                         | -   | 655,360            |
| Share based payments                               | -                         | -                            | 56,471                    | -   | 56,471             |
| Transaction costs on shares issued during the year | (64,044)                  | -                            | -                         | -   | (64,044)           |
| <b>Balance at 30 September 2015</b>                | <b>13,984,212</b>         | <b>(3,054,628)</b>           | <b>956,340</b>            | <b>306,294</b>  | <b>12,192,218</b>  |

The accompanying notes form part of these financial statements.

**Preliminary Consolidated Statement of Cash Flows  
For the year ended 30 September 2015**

|   | Note     | <b>2015</b>        | <b>2014</b>        |
|---|----------|--------------------|--------------------|
|   |          | <b>\$</b>          | <b>\$</b>          |
| <b>Cash Flows from Operating Activities</b>                       |          |                    |                    |
| Receipts from customers   |          | 3,048,645          | 2,717,471          |
| Payments to suppliers and employees                               |          | (1,774,449)        | (2,394,038)        |
| Income tax refund   |          | -                  | 1,122,705          |
| Interest received   |          | 7,352              | 6,524              |
| Interest paid   |          | (248,932)          | (322,633)          |
| <b>Net cash flows (used in)/generated by operating activities</b> | <b>9</b> | <b>1,032,616</b>   | <b>1,130,029</b>   |
| <b>Cash Flows from Investing Activities</b>                       |          |                    |                    |
| Proceeds from the sale of plant and equipment                     |          | 289,969            | 176,539            |
| <b>Net cash flows used in investing activities</b>                |          | <b>289,969</b>     | <b>176,539</b>     |
| <b>Cash Flows from Financing Activities</b>                       |          |                    |                    |
| Proceeds from the issue of shares                                 |          | 655,360            | 36,250             |
| Costs on the issue of shares                                      |          | (64,044)           | (1,732)            |
| Repayment of convertible notes                                    |          | (1,100,000)        | (700,000)          |
| Payments/(proceeds) from bank bill facilities                     |          | (755,000)          | (611,500)          |
| Repayment of finance leases                                       |          | 14,876             | (25,299)           |
| <b>Net cash flows provided by financing activities</b>            |          | <b>(1,248,808)</b> | <b>(1,302,281)</b> |
| <b>Net decrease in cash and cash equivalents</b>                  |          | <b>73,776</b>      | <b>4,287</b>       |
| Cash and cash equivalents at beginning of year                    |          | 313,055            | 308,768            |
| <b>Cash and cash equivalents at end of year</b>                   | <b>9</b> | <b>386,831</b>     | <b>313,055</b>     |

The accompanying notes form part of these financial statements.

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## Notes to the Preliminary Consolidated Financial Statements For the year ended 30 September 2015

### 1. BASIS OF THE PREPARATION OF THE PRELIMINARY FINAL REPORT

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

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

The accounting policies have been consistently applied, unless otherwise stated.

### 2. DIVIDENDS

The directors recommend that no dividend be paid for the year ended 30 September 2015, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

### 3. REVENUE

|                              | 2015             | 2014             |
|------------------------------|------------------|------------------|
|                              | \$               | \$               |
| Planting income              | -                | 196,125          |
| Voluntary carbon sales       | 23,523           | 32,176           |
| Land license/management fees | 2,334,976        | 2,290,745        |
| Interest received            | 7,352            | 6,524            |
| Other income                 | 706,427          | 129,661          |
| <b>Total revenue</b>         | <b>3,072,278</b> | <b>2,655,231</b> |



**Notes to the Preliminary Consolidated Financial Statements  
For the year ended 30 September 2015**

**4. OTHER COSTS**

|  | <b>2015</b>      | <b>2014</b>      |
|--|------------------|------------------|
|  | <b>\$</b>        | <b>\$</b>        |
| Write down of Plantation Inventory <sup>[i]</sup>        | (168,009)        | 1,693,272        |
| Write down of Seed Stock <sup>[i]</sup>                  | -                | 115,463          |
| Impairment of Land <sup>[i]</sup>                        | (175,236)        | 668,710          |
| <b>Write down of Plantation Inventory <sup>[i]</sup></b> | <b>(343,245)</b> | <b>2,477,445</b> |

<sup>[i]</sup> Plantation inventory comprising trees at cost, seed stock and land associated with the plantation inventory has been written down to reflect the current economic benefit in an uncertain carbon market.

**5. INCOME TAX**

The Company has recognised an income tax expense in 2015 of \$173,435 (2014: Tax benefit of \$1,194,110).

**6. EARNINGS PER SHARE (EPS)**

|   | <b>2015</b>    | <b>2014</b>        |
|---|----------------|--------------------|
|   | <b>¢</b>       | <b>¢</b>           |
| Basic earnings /(loss) per share (cents per share)                              | 0.08           | (1.77)             |
| Dilutive earnings /(loss) per share (cents per share)                           | 0.08           | (1.77)             |
|   | <b>\$</b>      | <b>\$</b>          |
| Profit/(loss) for the year  | <b>108,191</b> | <b>(1,876,512)</b> |
|   | <b>No.</b>     | <b>No.</b>         |
| Weighted average number of ordinary shares used in the calculation of basic EPS | 116,295,461    | 104,136,783        |

**Notes to the Preliminary Consolidated Financial Statements  
For the year ended 30 September 2015**

**7. SEGMENT REPORTING**

The Group is managed primarily on the basis of two geographical segments being Australia and New Zealand and one business segment being bio sequestration.

| <b>Revenue by geographical location</b> | <b>2015</b> | <b>2014<br/>restated</b> |
|---|-------------|--------------------------|
| Australia                               | 2,698,685   | 2,611,477                |
| New Zealand                             | 373,593     | 43,754                   |
|   | 3,072,278   | 2,655,231                |

**Assets by geographical location**

|             |            |            |
|-------------|------------|------------|
| Australia   | 12,136,602 | 12,985,324 |
| New Zealand | 2,618,954  | 2,781,074  |
|             | 14,755,556 | 15,766,398 |

**Net Assets by geographical location**

|             |            |            |
|-------------|------------|------------|
| Australia   | 9,612,242  | 8,677,053  |
| New Zealand | 2,579,976  | 2,759,188  |
|             | 12,192,218 | 11,436,241 |

**8. NTA BACKING**

|   | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|
|   | <b>¢</b>    | <b>¢</b>    |
| Net tangible asset backing per ordinary share | 6           | 7           |

**Notes to the Preliminary Consolidated Financial Statements  
For the year ended 30 September 2015**

**9. NOTES TO THE STATEMENT OF CASH FLOWS**

| Reconciliation of cash flow from operations with profit after income tax: | <b>2015</b>      | <b>2014</b>      |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>Net profit/(loss) after income tax</b>                                 | 151,740          | (1,845,978)      |
| <b>Non cash-flows in loss</b>   |                  |                  |
| Loss on sale of fixed assets  | 987              | 282,595          |
| Employee leave benefits   | 15,932           | (21,345)         |
| Share based payments  | 56,472           | -                |
| Depreciation and amortisation expense                                     | 889,231          | 735,301          |
| Impairment of assets  | (175,236)        | 668,710          |
| Finance costs   | 1,228            | 6,135            |
| Taxation expense/(refund)   | 112,905          | (987,415)        |
| (Increase)/decrease in inventories  | (112,782)        | 1,812,130        |
| (Increase)/decrease in receivables  | (240,483)        | 40,240           |
| Increase in trade and other payables                                      | 177,512          | 124,754          |
| Decrease/(increase) in other assets                                       | 155,110          | 314,902          |
| <b>Net cash generated/(used) in operating activities</b>                  | <b>1,032,616</b> | <b>1,130,029</b> |
| <b>Reconciliation of Cash</b>   |                  |                  |
| Cash at bank and on hand  | 386,831          | 313,055          |
|   | <b>386,831</b>   | <b>313,055</b>   |

**10. CHANGES TO PRIOR PERIOD**

The deferred tax asset balance and accumulated losses have been restated from the numbers stated in the financial statements for the year ended 30 September 2014 as below:

|                    | <b>Per 2014 accounts</b> | <b>Adjustment</b> | <b>Restated Figures</b> |
|--------------------|--------------------------|-------------------|-------------------------|
| Deferred tax asset | 1,230,676                | (1,003,845)       | 226,831                 |
| Accumulated losses | (2,141,993)              | (1,003,845)       | (3,145,838)             |

The change is due to an error discovered in the treatment of temporary income tax differences as at 30 September 2013.

**Notes to the Preliminary Consolidated Financial Statements  
For the year ended 30 September 2015**

**11. ISSUED & PAID UP CAPITAL**

|                                      | <b>2015</b> | <b>2015</b> | <b>2014</b> | <b>2014</b> |
|--------------------------------------|-------------|-------------|-------------|-------------|
|                                      | <b>No.</b>  | <b>\$</b>   | <b>No.</b>  | <b>\$</b>   |
| Ordinary shares fully paid           |             |             |             |             |
| At beginning of the financial period | 104,831,988 | 13,392,896  | 103,381,988 | 13,358,379  |
| Shares issued during the year        | 32,768,000  | 655,350     | 1,450,000   | 36,250      |
| Share issue costs                    |             | (64,044)    |             | (1,734)     |
| At 30 September 2014                 | 137,599,988 | 13,984,212  | 104,831,988 | 13,392,896  |

**12. EVENTS SUBSEQUENT TO REPORTING DATE**

There have been no matters or circumstances that have arisen after balance date that have significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

**13. CONTROLLED ENTITIES**


|  | <b>Country of Origin</b> | <b>Class of Share</b> | <b>Percentage Owned %</b> |             |
|--|--------------------------|-----------------------|---------------------------|-------------|
|  |                          |                       | <b>2015</b>               | <b>2014</b> |
| Carbon Fund Australia Pty Ltd          | Australia                | Ord                   | 100                       | 100         |
| Carbon Management Pty Ltd              | Australia                | Ord                   | 100                       | 100         |
| CCF Holdings NSW Pty Ltd               | Australia                | Ord                   | 100                       | 100         |
| Carbon Conscious New Zealand Ltd       | New Zealand              | Ord                   | 100                       | 100         |
| Carbon Conscious Holdings NZ No. 1 Ltd | New Zealand              | Ord                   | 100                       | 100         |

**Notes to the Preliminary Consolidated Financial Statements  
For the year ended 30 September 2015**

**14. COMPLIANCE STATEMENT**

This report is based on financial statements to which the following applies:

- |                                     |  |                          |   |
|-------------------------------------|--|--------------------------|---|
| <input type="checkbox"/>            | The financial statements have been audited.  | <input type="checkbox"/> | The financial statements have been supplied to review.          |
| <input checked="" type="checkbox"/> | The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> | The financial statements have not yet been audited or reviewed. |



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**Andrew McBain**  
**Executive Director**

Date: 30 November 2015