

SAVCOR GROUP LIMITED

ABN 52 127 734 196

ANNUAL FINANCIAL REPORT
For the Full Year ended 31 December 2014

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DIRECTORS' REPORT

The Board of Directors of Savcor Group Limited (referred to hereafter as 'the Company' or 'Savcor') present their report for the year ended 31 December 2014. In order to comply with the provisions of the *Corporations Act 2001*, the Board of Directors report as follows:

Directors

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

Peter Marks	Non-Executive Chairman
<i>Appointed to the Board</i>	12 March 2015
<i>Qualifications</i>	Bec LLB Grad. Dip. Comm. Law MBA
<i>Experience</i>	<p>From September 1998 until March 2001, Mr Marks was employed by KPMG Corporate Finance Ltd (Australia), where he rose to Director and was responsible for heading up the equity capital markets group in Melbourne. From January 1992 until July 1994, Mr Marks served as Head of the Melbourne Companies Department at the Australian Securities Exchange and was founding Director of Momentum Funds Management Pty Ltd, an Australian venture capital firm. From December 1990 until December 1991, Mr Marks served as Director of Corporate Finance at Burdett Buckenridge & Young Ltd in their Melbourne offices, from August 1988 until November 1990, he held senior corporate finance positions at Barings Securities Ltd, and from July 1985 until July 1988, he served as an Associate Director of McIntosh Securities, now Merrill Lynch Australia.</p> <p>In his roles with these various financial institutions, Mr Marks was responsible for advising a substantial number of listed and unlisted companies on issues ranging from corporate and company structure, to valuations, business strategies, acquisitions and international opportunities. For over 13 years until the end of August 2014, Mr. Marks was a Director of Peregrine Corporate Ltd, an Australian based investment bank. Mr Marks is currently a Director of Armadale Capital Plc (formerly Watermark Global Plc), an AIM listed company commercialising the treatment & recycling of acid mine drainage water from South African mines. Mr. Marks is currently the principal of Halcyon Corporate Pty Ltd, a corporate and capital markets advisory firm specializing in advising small to mid-cap companies.</p>
<i>Interest in shares and options</i>	461,222 ordinary shares and 153,741 options over ordinary shares
<i>Other directorships held in other listed entities within the last 3 years</i>	Armadale Capital Plc (Appointed November 2005) Prana Biotechnology Limited (Appointed July 2005)

DIRECTORS' REPORT *(continued...)*

Vincent Savage	Non-Executive Director
<i>Appointed to the Board</i>	12 March 2015
<i>Experience</i>	Mr Savage has over 36 year experience in the building and mining industries, coupled with 21 years working within the insolvency and business advisory sectors. Mr Savage's experience has seen him lead company reconstructions, refinancing and development projects for mining clients throughout Australia and Internationally. Over the last three years Mr Savage has been intimately involved in all governmental and regulatory issues involving the Derewo River Gold Project as well as working closely with the Company's local Indonesian partners.
<i>Interest in shares and options</i>	Nil
<i>Other directorships held in other listed entities within the last 3 years</i>	West Wits Mining Limited (Appointed October 2011)
Phillip Hains	Non-Executive Director
<i>Appointed to the Board</i>	12 March 2015
<i>Qualifications</i>	MBA, CA
<i>Experience</i>	Mr Hains holds a Masters of Business Administration from RMIT and Public Practice Certificate from the Institute of Chartered Accountants. He is a Chartered Accountant and specialist in the public company environment. He has served the needs of a number of public company boards of Directors and related committees. He has over 22 years' experience in providing accounting, administration, compliance and general management services.
<i>Interest in shares and options</i>	230,611 ordinary shares and 76,870 options over ordinary shares
<i>Other directorships held in other listed entities within the last 3 years</i>	West Wits Mining Limited (Resigned May 2013) BKM Management Limited (Resigned June 2014)
Hannu Savisalo	Executive Chairman
<i>Appointed to the Board</i>	26 September 2007
<i>Resigned from the Board</i>	12 March 2015
<i>Qualifications</i>	MSc, Metallurgy, Helsinki University of Technology
Iikka Savisalo	Non-Executive Director
<i>Appointed to the Board</i>	27 May 2014
<i>Resigned from the Board</i>	12 March 2015
<i>Qualifications</i>	BBA, Accounting, Porvoo Commercial College
Mr Agu Kantsler	Non-Executive Director
<i>Appointed to the Board</i>	1 September 2011
<i>Resigned from the Board</i>	27 May 2014
<i>Qualifications</i>	Ph.D, Geology, University of Wollongong, FTSE, GAICD

DIRECTORS' REPORT *(continued...)*

Mr Ross Thompson	Non-Executive Director
<i>Appointed to the Board</i>	26 October 2012
<i>Resigned from the Board</i>	18 June 2014
<i>Qualifications</i>	MCom, University of New South Wales, MBA, University of Technology, Sydney

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

Company Secretary

Phillip Hains – Refer to information on Directors on page 4

Mr Paul Gibney resigned from Savcor Group Limited on 12 March 2015

Principal Activity

The Company's operations have been involved an industrial technology business that operated in the infrastructure and resource sectors that provided maintenance services for mining, infrastructure and industrial sectors to protect and remediate steel and concrete structures via the application of electrochemical protection technology.

On 27 June 2014 the Company was placed into administration until 13 March 2015.

The Directors are currently evaluating a number of potential opportunities for the Company and hope to be in a position to select 1 or 2 candidates for detailed due diligence. At this stage however, no decisions have been made or arrangements entered into regarding any opportunity.

Review of Operations

Savcor Group Limited was placed into Voluntary Administration through the appointment of Clifford Stuart Rocke, Scott Kershaw and Jannamaria Roberson (**Administrators**) on 27 June 2014. Shortly following their appointment, the operations of the Group were wound up or disposed of.

At the creditors meeting adjourned on 1 August 2014 and reconvened on 3 October 2014, the Administrators recommended to the creditors of the Company, that, in the opinion of the Administrators, it was in the best interests of creditors to approve the execution of a Deed of Company Arrangement ('DOCA'). The Administrators held the Reconvened Second meeting of Creditors on 3 October 2014 and the creditors of the Company resolved to approve the execution of a Deed of Company Arrangement to recapitalise the Company.

The Company subsequently executed the DOCA on 24 October 2014 in accordance with the recapitalisation proposal. As contemplated by the DOCA, the Company entered into an implementation deed with Triton Systems Australia Pty Ltd and Triton Systems Inc, a company incorporated in the United States of America on 6 November 2014.

The DOCA provides that, subject to shareholder approval (which was subsequently given on 12 January 2015):

- Triton and Triton Inc contributed funds via a subscription for ordinary shares in the Company. Post issue Triton and Triton Inc or parties associated with them will own 90% of issued shares in the Company
- \$500,000 of the funds will be allocated to:
 - i. Firstly, \$150,000 or the \$500,000 is to be made available to pay employee priority creditors;
 - ii. Thereafter the funds are available to meet costs associated with the administration and deed administration and the costs of administering a creditors' trust; and
 - iii. Thereafter to pay a dividend to creditors in accordance with the order of priority set out in the *Corporations Act*.
- All the Company assets and liabilities will be transferred to the Creditors' Trust (other than a sum of working capital).

On 12 January 2015 at the General Meeting of Shareholders. The following resolutions were passed:

- A capital consolidation on a 100 to 1 basis,
- issue of 12,683,605 ordinary shares (post consolidation) to Triton or its nominee and other subscribers for the raising of \$550,000,

DIRECTORS' REPORT *(continued...)*

- issue of 4,227,868 free attaching options on a 1:3 basis (post consolidation),
- appointment of Peter Marks, Vincent Savage and Phillip Hains as directors of the Company (subject to completion),
- removal of existing directors (subject to completion), and
- disposal of Company assets

Following completion of the Administration process, the Directors advise that they currently are evaluating a number of potential opportunities for the Company and hope to be in a position to select 1 or 2 candidates for detailed due diligence. At this stage however, no decisions have been made or arrangements entered into regarding any opportunity.

Dividends

The Directors did not pay any dividends during the financial year. The Directors do not recommend the payment of a dividend in respect of the 2014 financial year.

Significant Changes in State of Affairs

There have been no other significant changes in the nature of Savcor Group Limited's principal activities during the financial year.

Significant Events after Reporting Date

Refer to note 2 of the financial statement for significant events after the reporting date.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 9 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 10 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the Company who are Former Audit Partners of Ernst & Young

There are no officers of the company who are former audit partners of Ernst & Young.

Audit Opinion

At 31 December 2014 the audit opinion on the consolidated financial statements by the Group's auditors, Ernst and Young, issued a disclaimer of opinion as there were no management personnel with knowledge of the company's affairs relating to the period prior to entering administration. The directors are cognisant of this opinion.

DIRECTORS' REPORT *(continued...)*

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 for the year ended 31 December 2014 has been received and can be found in the 'Auditor's Independence Declaration' section of this Annual Report.

Directors' Interest

As at the date of this report the Directors had an interest in the Company as detailed below:

Director	Shares	Options
Peter Marks	461,222	153,741
Vincent Savage	-	-
Phillip Hains	230,611	76,870

Refer to Note 2 for further discussion.

Remuneration Report (Audited)

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

This report details the nature and amount of remuneration of each Director of Savcor Group Limited and all other Key Management Personnel.

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

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives, and secretaries of the Company.

This report details the nature and amount of remuneration for each Director of Savcor Group Limited, and for the other Key Management Personnel.

The Directors of Savcor Group Limited during the year were:

Mr Peter Marks	Non-Executive Chairman (Appointed 12 March 2015)
Mr Vincent Savage	Non-Executive Director (Appointed 12 March 2015)
Mr Phillip Hains	Non-Executive Director (Appointed 12 March 2015)
Mr Hannu Savisalo	Executive Chairman (Resigned 12 March 2015)
Mr Ilkka Savisalo	Non-Executive Director (Resigned 12 March 2015)
Mr Agu Kantsler	Non-Executive Director (Resigned 23 April 2014)
Mr Ross Thompson	Non-Executive Director (Resigned 17 June 2014)

The Company went into administration on 27 June 2014 and the Company was under a Deed of Company Arrangement for the rest of the financial year. On 12 January 2015, new Directors were appointed. There are currently no formal remuneration policy and service agreements for the recently appointed Non-Executive Directors.

There were no other key management personnel who had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year.

No share-based compensation has been granted during the financial year.

DIRECTORS' REPORT *(continued...)*

31 December 2014

The detail of remuneration for the financial year 2014 was unable to be completed due to limited accounting information.

31 December 2013

	Short-term employment benefits			Post employment benefits		Share-based payment		Total
	Cash, salary & fees	Bonus	Non- Monetary	Superannu- ation	Termination benefits	Shares issued	Equity settled Options	
	\$	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:								
Agu Kantsler	15,000	-	-	-	-	-	45,000	60,000
Ross Thompson	35,000	-	-	-	-	-	35,000	71,000
	-	-	-	-	-	-	-	-
Executive Directors: ;								
Hannu Savisalo	275,000	-	-	23,000	-	-	-	298,000
Andrew Thompson Jones	383,000	-	-	25,000	-	-	-	408,000
	708,000	-	-	48,000	-	-	80,000	836,000
Key Management Personnel								
Paul Gibney	280,000	-	-	24,000	-	-	-	304,000
Paul Daffy	259,000	-	-	24,000	-	-	-	282,000
Liam Holloway	198,000	-	-	18,000	-	-	-	216,000
Vinay Swaroop	213,000	13,000	-	19,000	-	-	-	245,000
Stephen Clapham	253,000	-	-	23,000	-	-	-	276,000
Atef Cheaitani	115,000	-	-	9,000	177,000	-	-	301,000
Julian Bleddyn	136,000	-	-	20,000	23,000	-	-	179,000
	1,454,000	13,000	-	137,000	200,000	-	-	1,804,000
TOTAL	2,162,000	13,000	-	184,000	200,000	-	80,000	2,640,000

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



Mr Peter Marks
Chairman
Savcor Group Limited

Dated: This the 31st Day March 2015

CORPORATE GOVERNANCE

The Board of Directors of Savcor Group Limited is responsible for the corporate governance of the Company and guides and monitors the business and affairs of the Company on behalf of its shareholders.

The format of the Corporate Governance Statement is based on the Australian Stock Exchange Corporate Governance Council's ("the Council") "Corporate Governance Principles and Recommendations". In accordance with the Council's recommendations, the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period.

Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. Savcor's Corporate Governance Statement is structured with reference to the Council's principles and recommendations, which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

Commensurate with the spirit of the ASX Corporate Governance Principles and Recommendations, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where the Company's corporate governance practices depart from the Principles and Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

Principle 1: Lay solid foundations for management and oversight.

Role of the Board.

The primary role of the Board is to provide effective governance over the Company's affairs to ensure the interests of the shareholders are protected and the confidence of the investing market is maintained whilst having regard for the interests of all the stakeholders.

This role is exercised by the Board, as whole, and each Director exercising diligent attention to the affairs of the Company.

In particular the Board is responsible for:

- 1) Setting the Company's values and standards of conduct and ensuring that these are adhered to
- 2) Providing strategic direction and approving corporate strategic initiatives;
- 3) Oversight of the Company, including its control and accountability systems;
- 4) Appointing and removing the Chief Executive Office;
- 5) Reviewing and ratifying systems of risk management and internal compliance and controls, codes of conduct and legal compliance;
- 6) Monitoring senior management performance and ensuring appropriate resources are available;
- 7) Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- 8) Approving and monitoring financial and other reporting to shareholders and regulatory authorities.

CORPORATE GOVERNANCE *(continued...)*

To ensure that all new Board members understand what is expected of them, in addition to their obligations under the Corporation Act, the Company provides them with a document setting out the key terms and conditions relating to their appointment.

Role of Management.

Management is responsible to the Board for the:

- 1) Development and implementation of agreed corporate strategy and performance objectives;
- 2) Undertaking the day to day activities of the Company;
- 3) Identifying all matters to be included in a risk profile of the Company and ensuring that effective risk management systems are implemented and adhered to;
- 4) Observing the code of conduct;
- 5) Ensuring that the Board is fully informed of all matters which may have a material impact on the ability of the Company to meet its obligations.

It is intended that on at least an annual basis, the Board will conduct a formal performance review of the Chief Executive Officer and any other key management personnel (KMP). The Board assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP.

Principle 2: Structure the Board to add value.

Board Composition.

The Board determines its size and composition, subject to the limits imposed by the Company's Constitution, which requires a minimum of three and a maximum of ten. Currently there are three (3) Directors.

The current Board comprises of three (3) Non-Executive Directors. All of the Non-Executives are independent Directors who act independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment. The Chairman of the Company is an Independent Director. The Board assesses whether a director is independent in accordance with the Council's independence guidelines. The skills, experience and expertise of each Director is set out in the attached Directors' Report.

The Board collectively and each Director individually may take, at the expense of the Company, such independent professional advice as is considered necessary to fulfil their relevant duties and responsibilities.

The Board is responsible for the nomination and selection of directors. A separate nomination committee has not been formed. The Board considers that given the size of the Company and the Board, no benefits or efficiencies would be gained by delegating this function to a separate committee. The charter of the nomination committee has been incorporated into the Board Charter and by this action the Board of Directors considers all matters that would be relevant for a nomination committee.

The Board considers the ongoing development and improvement of its own performance, the performance of individual directors and Board Committees as critical to effective governance.

The Board has adopted an informal self-evaluation process to measure its own performance. The performance of the Board and individual directors is reviewed at least every year by the Board as a whole. This process includes a review in relation to the composition and skills mix of the Directors of the Company.

Performance reviews involve analysis based on key performance indicators aligned with the financial and non-financial objectives of the Company

Principle 3: Promote ethical and responsible decision making.

Code of Conduct.

Savcor is guided in all its activities by respect for all its stakeholders including employees, shareholders, contractors, customers and suppliers.

The Board has articulated the Company's requirements for standards of conduct, from Directors and senior management, based on the following principles;

- Directors are subject to re-election every three years;
- Where possible the Chairman must be independent;
- Conflict of interest must be avoided wherever possible. If, for any reason, a potential conflict arises, the Director/employee must declare the conflict and absent themselves from all discussions and decisions on the relevant matter;
- Employees, consultants and Directors must respect the confidentiality of the Company's assets, including intellectual property, both during and after employment;
- The Company will comply with all relevant legislation and regulation;
- The Company will deal fairly with all its stakeholders;
- The Company will promote a culture of ethical behavior, encouraging openness amongst employees, Directors and contractors.

Trading in Company Securities.

Under the Company's trading policy it is stated that in respect of any designated officer, either directly or indirectly, is not to deal in the Company's securities at any time:

- When a designated officer is in possession of inside information; or
- Where the dealing is for short-term or speculative gain; or
- Within a period commencing 72 hours prior to any announcement; or
- Within a period commencing 72 hours prior to the announcement of the half year and annual financial results.

A designated officer includes Directors, key management employees, consultants, and their associates, and is not to communicate inside information or cause that information to be communicated to another person, or deal in securities of outside companies about which they may obtain inside information by virtue of their position at Savcor.

Each Director has entered into an agreement with the Company to provide information to allow the Company to notify the ASX of any share transaction within five business days.

The Audit and Risks Committee will periodically review the compliance with this policy and report any departures to the Board.

Diversity Policy.

The Company is committed to increasing diversity amongst its employees, and not just in the area of gender diversity. Our workforce is employed based on the right person for the job regardless of their gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability or appearance.

Executive and Board positions are filled by the best candidates available without discrimination. The Company is committed to increasing gender diversity within these positions when appropriate appointments become available. The Company is also committed to identifying suitable persons within the organisation, and where appropriate opportunities exist, advance diversity to support the promotion of talented employees into management positions.

The Company has not set any gender specific diversity objectives as it believes that multicultural diversity is as equally important within its organisation.

Principle 4: Safeguard integrity in financial reporting.

The Board has established an Audit and Risks Committee, which operates under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risks Committee.

CORPORATE GOVERNANCE *(continued...)*

The main responsibilities of the Audit and Risks Committee are to:

- Determine the adequacy of the Company's administrative, operating and accounting controls and policies including;
 - o Systems of internal control and management of risks, including the risks associated with the Company's operations
 - o The Company's process for monitoring compliance with laws and regulations and its own code of business conduct.
 - o Oversee and appraise the quality of the audits conducted by the Company's external auditors;
 - o Maintain open lines of communication among the Board, management and external auditors to exchange views and information, as well as confirm their respective authority and responsibilities;
 - o Serve as an objective party to review the financial information presented by management to the Board, shareholders and regulators; and
 - o Report to the Board on matters relevant to the Committee's role and responsibilities.
- In fulfilling its responsibilities, the Audit and Risks Committee:
 - o Receives regular reports from management;
 - o Meets with the external auditors at least twice a year and reviews any significant disagreements between the auditors and management irrespective of whether they have been resolved;
 - o Review of the audit plan with the external auditors and evaluates the effectiveness of the external audit;
 - o Reviews the process the Chief Executive Officer and Chief Financial Officer have in place to support their certifications to the Board.

The Audit and Risks Committee has the authority, within the scope of its responsibilities, to seek and request any information it requires from any employee or external party.

Principle 5: Making timely and balanced disclosure.

As Savcor's shares are traded on the ASX the Company is very conscious that it has an obligation to ensure that the market is both fully and accurately informed about material matters by timely and balanced disclosure.

The Company Secretary has been nominated as the person responsible for communicating with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirement in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The information disclosed will be factual and presented in a clear and balanced way. The Company has prepared and issued to all senior staff a written policy document on this matter and requires strict adherence to this policy.

Principle 6: Respect the rights of shareholders.

The Company is committed to respecting the rights of shareholders and facilitating the effective exercise of those rights.

This is achieved by;

- Effective and regular communications;
- Providing access to timely, balanced and understandable information about the Company and its current and future direction; and
- Facilitating easy participation at general meetings.

The Company's external auditor attends each annual general meeting and is available to answer any questions with regard to the conduct of the audit and their report.

Principle 7: Recognise and managing risk.

In addition to the usual business risks, the particular risks associated with the Company's activities are:

- The level of funding required to source attractive projects to build shareholder wealth

The Board is establishing a policy for risk oversight and management within the Company. This is periodically reviewed and updated. Management reports risks identified to the Board through regular operations reports, and via direct and timely communication to the Board where and when applicable. During the reporting period, management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

The CEO and CFO have given a statement to the Board that:

- a) the Company's Financial Statements are founded on a sound system of risk management and internal compliance and control which implements the Policies adopted by the Board; and
- b) the Company's 'Risk Management and Internal Compliance and Control System', in so far as it relates to financial risk, is operating effectively in all material aspects.

The Company also manages ongoing risk through the Audit and Risks Committee. The functions and responsibilities of that Committee are outlined earlier in this section of the report.

Principle 8: Remunerate fairly and responsibly.

The Company has established a Remuneration Committee. The Committee is responsible for determining and reviewing compensation arrangements for the Directors and for approving parameters within which the review of the compensation arrangements for the senior executive team can be conducted by the Chief Executive Officer and/or the Board.

Remuneration for Executive Directors and staff is determined by reference to market rates. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality management to the Company and consolidated entity; and
- performance incentives that allow executives to share in the success of the Company.

From time to time employees and consultants are offered shares and options under plans previously agreed by shareholders. In a Company at this stage of its development, the only meaningful performance target is the share price and the exercise price for such options which are set well in advance of the price at which the shares are trading at the time of issue and, for Executives, usually have a vesting period of up to three years.

As the number of options on issue at any one time is low and the price and exercise periods differ, the Board considers that the exercise of such options will have little or no effect on the Company's share price or Earnings per Share.

In setting remuneration for non-executive Directors, the Board will use the following principles;

- Non-Executive Directors shall be paid fees and superannuation plus supplements for committee work within the aggregate amount set by shareholders in general meeting;
- Non-Executive Directors retirement payments are limited to compulsory employer superannuation;
- Bonuses will not be paid to non-executive Directors.

AUDITORS' INDEPENDENCE DECLARATION



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Auditor's Independence Declaration to the Directors of Savcor Group Limited

In relation to our audit of the financial report of Savcor Group Limited for the financial year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Scott M. Jarrett'.

Scott M. Jarrett
Partner
31 March 2015

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	Note	31 Dec 2014 \$	31 Dec 2013 \$
Revenue		-	5,497,000
Share of profits/(losses) of associates accounted for using the equity method		-	(4,803,000)
Other income		-	164,000
Total Revenue		-	858,000
Expenses			
Cost of sales		-	(3,687,000)
Research and development expenses		-	(758,000)
Sales and marketing expenses		-	(1,295,000)
Administration expenses		-	(2,882,000)
Other expenses		-	(2,040,000)
Finance costs		-	(3,491,000)
Loss before income tax expense from continuing operations		-	(13,295,000)
Income Tax Expense		-	(924,000)
Loss after income tax expense from continuing operations		-	(14,219,000)
Loss after income tax expense from discontinued operations	3	(20,714,000)	(521,000)
Loss after income tax expense for the year attributable to the owners of Savcor Group Limited		(20,714,000)	(14,740,000)
Other Comprehensive Income/(Losses)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(635,000)	3,144,000
Total Comprehensive Losses for the Period		(21,349,000)	(11,596,000)
Total comprehensive losses for the year attributable to			
Continuing operations		-	(11,075,000)
Discontinued operations		(21,349,000)	(521,000)
Losses per share for profit/(loss) from continuing operations attributable to the owners of Savcor Group Limited			
Basic and Diluted losses per share (Cents per share)		-	(10.09)
Losses per share for profit/(loss) from discounting operations attributable to the owners of Savcor Group Limited			
Basic and Diluted losses per share (Cents per share)	5	(14.70)	0.37
Losses per share for profit/(loss) attributable to the owners of Savcor Group Limited			
Basic and Diluted losses per share (Cents per share)	5	(14.70)	(10.46)

Consolidated Statement of Financial Position

For the year ended 31 December 2014

The accompanying notes form part of these financial statements.

		31 Dec 2014	31 Dec 2013
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,371,000	244,000
Trade and other receivables		1,000	5,722,000
Inventories		-	368,000
Income tax refund due		-	62,000
Assets of disposal groups classified as held for sale		-	15,914,000
Total Current Assets		2,372,000	22,310,000
Non-Current Assets			
Receivables		-	79,000
Investments accounted for using the equity method		-	6,168,000
Property, plant and equipment		-	100,000
Intangible assets		-	358,000
Total Non-Current Assets		-	6,705,000
TOTAL ASSETS		2,372,000	29,015,000
LIABILITIES			
Current Liabilities			
Trade and other payables	7	8,437,000	3,186,000
Borrowings	8	26,847,000	25,521,000
Income Tax		-	2,000
Provisions		-	314,000
Liabilities directory associated with assets classified as held for sale		-	11,365,000
Total Current Liabilities		35,284,000	40,388,000
Non-Current Liabilities			
Borrowings		-	163,000
Provisions		-	27,000
Total Non-Current Liabilities		-	190,000
TOTAL LIABILITIES		35,284,000	40,578,000
NET ASSETS		(32,912,000)	(11,563,000)
EQUITY			
Issued capital	10	273,584,000	273,584,000
Reserves		(255,941,000)	(255,306,000)
Accumulated losses		(50,555,000)	(29,841,000)
TOTAL EQUITY		(32,912,000)	(11,563,000)

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Issued Capital	Reserves	Accumulated losses	Total Equity
	\$	\$	\$	\$
Balance at 1 January 2013	273,584,000	(258,456,000)	(15,101,000)	27,000
Losses after income tax expense for the year	-	-	(14,740,000)	(14,740,000)
Other comprehensive loss for the year, net of tax	-	3,144,000	-	3,144,000
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	6,000	-	6,000
Balance at 31 December 2013	273,584,000	(255,306,000)	(29,841,000)	(11,563,000)
Balance at 1 January 2014	273,584,000	(255,306,000)	(29,841,000)	(11,563,000)
Losses after income tax expense for the year	-	-	(20,714,000)	(20,714,000)
Other comprehensive loss for the year, net of tax	-	(635,000)	-	(635,000)
Balance at 31 December 2014	273,584,000	(255,941,000)	(50,555,000)	(32,912,000)

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

		31 Dec 2014	31 Dec 2013
	Note	\$	\$
<u>Cash flows from operating activities</u>			
Receipts from customers (inclusive of GST)		27,365,000	99,130,000
Payments to suppliers (inclusive of GST)		(26,487,000)	(95,482,000)
Dividend received		-	11,000
Interest received		14,000	126,000
Interest and other finance costs paid		(21,000)	(3,303,000)
Income taxes refunded		13,000	19,000
Net cash flows used in operating activities		884,000	501,000
<u>Cash flows related to investing activities</u>			
Payments for tangible and intangible assets		-	(296,000)
Proceeds from sale of tangible and intangible assets		1,656,000	223,000
Proceeds from loans to related parties		(1,000)	500,000
Net cash flows used in investing activities		1,655,000	427,000
<u>Cash flows related to financing activities</u>			
Proceeds from borrowings		-	11,215,000
Repayments of borrowings		(2,832,000)	(17,653,000)
Repayment of finance lease principal		-	(29,000)
Net cash flows from financing activities		(2,832,000)	(6,467,000)
Net increase/(decrease) in cash and cash equivalents		(293,000)	(5,539,000)
Cash and cash equivalents at the beginning of the period		(4,775,000)	918,000
Effects of exchange rate changes on cash		(478,000)	(155,000)
Cash and cash equivalents at the end of the period	6	(5,546,000)	(4,776,000)

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

Note 1. Statement of Significant Accounting Policies

Corporate Information

The financial report covers Savcor Group Limited as a consolidated entity consisting of Savcor Group Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Savcor Group Limited's functional and presentation currency.

The financial report consists of the consolidated financial statements, notes to the consolidated financial statements and the directors' declaration.

Savcor Group Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1,
1233 High Street,
Armadale VIC 3143

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on Tuesday, 31st March 2015. The directors have the power to amend and reissue the financial report.

Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards, required for a for-profit entity.

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian dollars, which is the Company's functional and presentation currency. All values are rounded to the nearest dollar unless otherwise stated.

Compliance with AASB ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Maintenance of Accounting Records

There were limited records available to support the transactions and account balance as at 31 December 2014. Given the circumstances, and the Company's current position (as effectively a 'shell') the December 2014 Annual Report was prepared on limited available information in order to meet the statutory reporting requirements.

Notes to the Financial Statements (continued...)

Going Concern

Following the Deed of Company Arrangement, Savcor's assets and liabilities were placed into the creditors trust and \$500,000 paid to the Deed Administrators. After payment of the Deed Administrators the Company held \$50,468 for working capital purposes, the Directors are currently in the process of raising further working capital..

The following matters have been considered by the directors in assessing the economic entity's continuing viability, its ability to continue as a going concern and its ability to pay its debts as and when they fall due,

- The scale of operations have been reduced and the Directors have raised working capital to fund current activities
- The Directors have the capacity to issue additional securities without shareholder approval through private placement

Based on the successful execution of the above the Directors are satisfied that there is a reasonable basis the consolidated entity has access to sufficient working capital to enable it to pay its debts as and when they fall due for a period of at least twelve months from the date of this report, and for that reason the financial statements have been prepared on the basis that the economic entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

Amendments to Australian Accounting Standards

The following amending Standards have been adopted from 1 Jan 2014. Adoption of these standards did not have any effect on the financial position or performance of the Company:

The Group applied, for the first time, certain standards and amendments which are effective for annual periods beginning on or after 1 January 2014. The nature and the impact of each new standard and/or amendment is described below:

Investment Entities – Amendments to AASB 10, AASB 12 and AASB 127

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under AASB 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the consolidated entity, since none of the entities in the consolidated entity qualifies to be an investment entity under AASB 10.

Remove Individual Key Management Personnel Disclosure Requirements – Amendments to AASB 124

This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions. This amendment has no impact on the consolidated entity, since none of the entities in the consolidated entity qualifies to be an investment entity under AASB 10.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to AASB 136

The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. This amendment has resulted in increased disclosures in the Group's financial statements.

Offsetting Financial Assets and Financial Liabilities - Amendments to AASB 132

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Other than the amended accounting standards listed above, all other accounting standards adopted by the Company are consistent with the most recent Annual Report for the year ended 31 December 2013.

Notes to the Financial Statements (continued...)

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and therefore have not been adopted by the Company for the annual reporting period ended 31 December 2014:

The consolidated entity has not finalized its assessment of how the standards will impact the Company's financial statements.

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 9	<i>Financial Instruments</i>	<p>AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.</p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p>Amendments to AASB 9 (December 2009 & 2010 editions) (AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> <p>The main changes are described below.</p> <ol style="list-style-type: none"> Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. 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. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss 	1 January 2018	1 January 2018

Notes to the Financial Statements (continued...)

Reference	Title	Summary	Application date of standard	Application date for Group
		<p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.</p> <p>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.</p> <p>AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.</p>		
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	<p>AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) <i>Annual Improvements to IFRSs 2010–2012 Cycle</i> and <i>Annual Improvements to IFRSs 2011–2013 Cycle</i>.</p> <p>Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:</p> <ul style="list-style-type: none"> ▶ AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ▶ AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. ▶ AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ▶ AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ▶ AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed. 	1 July 2014	1 January 2015
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	<p>Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items:</p> <ul style="list-style-type: none"> ▶ AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. ▶ AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3. 	1 July 2014	1 January 2015

Notes to the Financial Statements (continued...)

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 January 2016
AASB 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 <i>Revenue from Contracts with Customers</i> , which replaces IAS 11 <i>Construction Contracts</i> , IAS 18 <i>Revenue</i> and related Interpretations (IFRIC 13 <i>Customer Loyalty Programmes</i> , IFRIC 15 <i>Agreements for the Construction of Real Estate</i> , IFRIC 18 <i>Transfers of Assets from Customers</i> and SIC-31 <i>Revenue—Barter Transactions Involving Advertising Services</i>). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.	1 January 2017	1 January 2017 Note A
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 <i>Separate Financial Statements</i> , and consequentially amends AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> , to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 January 2016
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10.	1 January 2016	1 January 2016

Notes to the Financial Statements (continued...)

Reference	Title	Summary	Application date of standard	Application date for Group
		AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.		
Disclosure Initiative	Amendments to IAS 1	As part of the IASB's Disclosure Initiative projects, the IASB issued Amendments to IAS 1 in December 2014. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 January 2016
Investment Entities: Applying the Consolidation Exception	Amendments to IFRS 10, IFRS 12 and IAS 28)	The amendment addresses the key issues that have arisen in the context of applying the consolidation exception for investment entities	1 January 2016	1 January 2016

Summary of Significant Accounting Policies

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Savcor Group Limited ('parent entity') as at 31 December 2014 and the results of all subsidiaries for the year then ended. Savcor Group Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are fully consolidated from the date on which the consolidated entity obtains control and are deconsolidated from the date that control ceases. Control is achieved when the consolidated entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the consolidated entity controls an investee if and only if, it has all of the following (three elements): power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

The consolidated entity considers all facts and circumstances when assessing whether it controls an investee and reassesses control when there is an indication that there are changes to one or more of the three elements of control.

When the consolidated entity has less than a majority of the voting rights, it considers whether it has power (and therefore de-facto control) over an investee through: a contractual arrangement with other vote holders; rights arising from other contractual arrangements; the consolidated entity's voting rights; potential voting rights; or a combination thereof.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest of a subsidiary that does not result in a change of control is accounted for as an equity transaction, which involves adjusting the carrying amount of the controlling and non-controlling interests to reflect the changes in their relative interests. The consolidated entity recognises directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the carrying amounts of assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences

Notes to the Financial Statements (continued...)

recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss. The consolidated entity reclassifies to profit or loss or retained losses, as appropriate, the amounts recognised in other comprehensive income in relation to the subsidiary, as would be required if the consolidated entity had directly disposed of the related assets or liabilities.

Foreign currency translation

The financial report is presented in Australian dollars, which is Savcor Group Limited's functional and presentation currency

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

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

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rendering of services

i) Long-term projects and contracts and construction work in progress

Construction work in progress and long-term projects and contracts are recognised as income on the basis of their percentage of completion. All projects are counted as long-term when they extend over one financial year and when the recognition of such projects as revenue has a considerable effect on the revenue and profit for the period. The degree of completion for construction work in progress and long-term projects is calculated as a ratio of the actual project's costs relative to the forecast total cost and it relies on estimates of total expected contract revenue and costs, as well as dependable measurement of progress made towards completing that project. Losses on projects are recognised immediately when known and estimable. Costs include both variable and fixed costs directly related to specific contracts and those which can be attributed to contract activity in general and which can be allocated to specific contracts on reasonable basis. Also included are costs expected to be incurred under penalty clauses and rectification provisions.

Variations for extra works performed or changes in contract scope are recognised in contract revenues to the extent where it is probable that the revenue will be certified by the customer and the amount of revenue can be reliably measured. Claims are included in contract revenue only when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and that the amount can be measured reliably. When the contract outcome cannot be estimated reliably, revenue is only recognised to the extent of the recoverable costs incurred to date.

ii) Preventative maintenance

Revenue for preventative maintenance contracts is recognised progressively over the contract term. Service fees received in advance are recorded as a liability within deferred revenue and these amounts are amortised in profit or loss over the life of the contract which is in line with the provision of the services.

Notes to the Financial Statements (continued...)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Savcor Group Limited and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The parent entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'modified stand-alone' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

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

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreements are recognised as equity contributions to, or distributions from, wholly-owned tax consolidated entities, or as otherwise determined by the parent entity as per the tax funding agreements.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a

Notes to the Financial Statements (continued...)

view to resale. The results of discontinued operations are presented separately on the face of the consolidated statement of profit or loss and other comprehensive income.

Current and non-current distinction

Assets and liabilities are presented in statements of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

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

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 to 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables.

Inventories

Raw materials and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

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

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Notes to the Financial Statements (continued...)

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the consolidated statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the consolidated statement of financial position, in current liabilities.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Property, plant and equipment

Buildings, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Buildings	20 years
Plant and equipment	3-10 years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straightline basis over the term of the lease.

Notes to the Financial Statements (continued...)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Patents

Significant costs associated with patents are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Intellectual property and software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 to 10 years.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where necessary, with external sources of data.

Notes to the Financial Statements (continued...)

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, and more frequently when an indication of impairment arises during the reporting period. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discontinued. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on the bank overdraft
- interest on short-term and long-term borrowings
- interest on finance leases

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Wages and salaries, annual leave, long service leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave are recognised in respect of services provided by employees up to the reporting date and measured based on expected date of settlement. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for wages and salaries, and annual leave expected to be settled after 12 months of the reporting date, and long service leave is recognised and measured as the present value of expected future payments to be made using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the

Notes to the Financial Statements (continued...)

reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to directors and employees through the Employee Option Plan and Deferred Employee Share Plan ('DESP').

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

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.

Losses per share

Basic losses per share

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

Diluted losses per share

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

Notes to the Financial Statements (continued...)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the consolidated statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Events after the reporting period

On 12 January 2015 at the General Meeting of Shareholders. The following resolutions were passed:

- A capital consolidation on a 100 to 1 basis,
- issue of 12,683,605 ordinary shares (post consolidation) to Triton or its nominee and other subscribers for the raising of \$550,000,
- issue of 4,227,868 free attaching options on a 1:3 basis (post consolidation),
- appointment of Peter Marks, Vincent Savage and Phillip Hains as directors of the Company (subject to completion),
- removal of existing directors (subject to completion), and
- disposal of Company assets

On 13 March 2015 the new Board of Savcor Group Limited formally announced to the ASX that the Company had completed the administration process and is no longer in administration.

On 19 March 2015 the Company issued 12,683,605 ordinary shares and transferred \$500,000 to the Deed Administrators as described in the Notice of Meeting.

On 27 March 2015 the Company issued 1,585,451 ordinary shares to raise \$68,800 worth of working capital out of the Company's 15% capacity.

Notes to the Financial Statements (continued...)

Note 3. Discontinued Operations

On 27 June 2014, the existing directors appointed Voluntary Administrators over Savcor Group Limited and one of its subsidiaries. Shortly following their appointment the operations of the Group were wound up or disposed of.

In addition, the Voluntary Administrators were appointed to Savcor ART Pty Ltd ("Savcor ART"), a wholly owned subsidiary, on 19 August 2014. BPCJ Holdings Pty Ltd acquired the business through Deed of Company Arrangement on 31 October 2014.

Savcor Products Pty Ltd sold its business and assets (and transferred its liabilities other than the Bank Debt it guaranteed) to Savcor Products Australia Pty Ltd on 18 July 2014.

The results of the discontinued operations for the year are presented below:

	Note	31-December-2014 \$	31-December-2013 \$
<i>Revenue</i>		22,065,000	81,731,000
Share of profit/loss in associates		(4,612,000)	210,000
Other Income		439,000	220,000
Total revenue		17,892,000	82,161,000
Cost of sales		(18,428,000)	(67,030,000)
Research and development expenses		(1,117,000)	(541,000)
Sales and marketing expenses		(1,549,000)	(2,441,000)
Administration expenses		(4,753,000)	(9,554,000)
Other expenses		(10,612,000)	(389,000)
Finance costs		(1,794,000)	(49,000)
Total expenses		(38,253,000)	(80,004,000)
Profit/(loss) before income tax expense		(20,361,000)	2,157,000
Income tax expense		(353,000)	(2,678,000)
Profit/(loss) after income tax expense from discontinued operations		(20,714,000)	(521,000)

The discontinued operations reflect the entire consolidated group, as following the appointment of the Administrators the operations were discontinued.

Note 4. Income Tax

The Income Tax Note for the financial year ended 31 December 2014 was unable to be completed due to limited accounting information.

Notes to the Financial Statements (continued...)

Note 5. Losses per share

	31-December-2014 cents	31-December-2013 cents
Losses per share from discontinued operations		
a) Basic losses/(loss) per share	(14.70)	(10.46)
b) Diluted losses/(loss) per share	(14.70)	(10.46)
	31-December-2014 \$	31-December-2013 \$
c) The losses and weighted average number of ordinary shares used in the calculation of basic losses per share are as follows: Loss after income tax expense for the year attributable to the owners of Savcor Group Limited	(20,714,000)	(14,740,000)
Losses/(loss) used to calculate basic EPS	(20,714,000)	(14,740,000)
	No.	No.
d) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	140,928,943	140,928,943

There were no options outstanding at the end of the financial year.

Note 6. Cash and cash equivalents

	Note	31-December-2014 \$	31-December-2013 \$
Cash at bank and in hand		2,371,000	244,000
<i>Reconciliation of cash</i>			
Cash at the end of the financial year as show in the consolidated statement of cash flows reconciled to items in the consolidated statement of financial position as follows:			
Cash and cash equivalents		2,371,000	244,000
Cash and cash equivalents - classified as held for sale		-	1,136,000
Bank overdraft	8	(7,917,000)	(6,156,000)
Balance as per statement of cash flows		(5,546,000)	(4,776,000)

Note 7. Trade and other payables

	31-December-2014 \$	31-December-2013 \$
Trade payables	8,437,000	3,186,000
	8,437,000	3,186,000

Trade and other payables are unsecured, non-interest bearing and are generally paid within 30 days of recognition.

Notes to the Financial Statements (continued...)

Note 8. Borrowings

	31-December-2014	31-December-2013
	\$	\$
Bank overdraft	7,919,000	6,156,000
Bank loans	18,928,000	19,341,000
Lease liability	-	24,000
Total	26,847,000	25,521,000

The consolidated entity received waivers of breach of its banking covenants during the period. The Company's borrowings became immediately due and payable at the appointment of the Voluntary Administrators.

Note 9. Auditor's Remuneration

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the company, and unrelated firms:

	31-December-2014	31-December-2013
	\$	\$
Remuneration of the current auditors of the Company, Ernst & Young for:		
- auditing or reviewing the financial report of the Group	53,302	216,300
- other assurance services	-	31,500
Audit services – unrelated firms	-	5,779
Other services – unrelated firms	-	43,338
Total	53,302	296,917

Note 10. Issued capital

	31-December-2014		31-December-2013	
	No.	\$	No.	\$
Ordinary Shares ¹	140,928,943	273,584,000	140,928,943	273,584,000
Total	140,928,943	273,584,000	140,928,943	273,584,000

¹The Company completed a consolidation on the 12 January 2015 on a 100:1 basis as approved by shareholders. Please refer to Note 2 for more detail.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

There were no options outstanding at the end of the financial year.

On 19 March 2015 the Company issued 12,683,605 ordinary shares for the value of \$550,468.

On 27 March 2015 the Company issued 1,585,451 ordinary shares to raise \$68,800 worth of working capital out of the Company's 15% capacity.

Notes to the Financial Statements (continued...)

Note 11. Commitments & Contingent liabilities

The Company has no commitments as of 31 December 2014.

As at 30 June 2014, the consolidated entity had given bank guarantees of \$2,795,226 (31 December 2013: \$2,157,000) in favour of certain customers in support of agreed project deliverables and warranties.

In accordance with the Savcor Creditors' Trust Deed entered into by the Company and the Deed Administrators, the Company's assets and all creditors' claims against the Company (admissible from the date of appointment of Administrators being 27 June 2014) will be transferred upon completion of the recapitalisation.

Note 12. Financial Instruments

The Company's principal financial instruments comprise of cash, payables, and borrowings.

The main risks arising from the Company's financial instruments are market risk (interest rate risk), liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

The Company holds the following instruments:

	31-December-2014	31-December-2013
	\$	\$
Financial Assets		
Cash and cash equivalents	2,371,000	244,000
Trade and other receivables	1,000	5,722,000
	2,372,000	5,966,000
Financial Liabilities		
Trade and other payables	8,437,000	3,186,000
Borrowings	26,847,000	25,521,000
	35,284,000	28,707,000

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements. The consolidated entity does not hold any collateral.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Notes to the Financial Statements (continued...)

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments

Note 13. Details of associates

Background

On 27 June 2014, the existing directors appointed Voluntary Administrators over Savcor Group Limited and one of its subsidiaries. Shortly following their appointment the operations of the Group were wound up or disposed of.

In addition, the voluntary administrators were appointed to Savcor ART Pty Ltd ("Savcor ART"), a wholly owned subsidiary, on 19 August 2014. BPCJ Holdings Pty Ltd acquired the business through Deed of Company Arrangement on 31 October 2014.

Savcor Products Pty Ltd sold its business and assets (and transferred its liabilities other than the Bank Debt it guaranteed) to Savcor Products Australia Pty Ltd on 18 July 2014.

Name of Associate/Joint Venture	%Holding		Contribution to profit/(loss) (where material)	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
	%	%	(\$'000)	(\$'000)
Cencorp Corporation	15.6%	38.5%	(4,612)	(3,725)
Savcor-Contech Joint Venture	-	50%	-	3
VEC-Savcor Joint Venture	50%	50%	-	217

Group's aggregate share of associates and joint venture entities' profit/(loss) (where material):

Profit/(loss) from ordinary activities before income tax	-	(3,505)
Income tax on operating activities	-	-

Note 14. Details of loss of control over entities

Name of Entities	Date of loss of control
Pacific Lining Solutions Holdings Pty Ltd	27-June-2014
Savcor ART Pty Ltd	24-October-2014
Savcor ART New Zealand Ltd	27-June-2014
Savcor Corrosion Technology Co. Ltd	27-June-2014
Savcor India Pty Ltd	27-June-2014
Savcor Japan KK	27-June-2014
Savcor Tempo Oy	27-June-2014

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities after income tax during the period (where material).

Profit/(loss) from ordinary activities after income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).

Directors' Declaration

The Directors of the Company declare that:

In the opinion of the Directors:

1. the financial statements and notes, as set out on pages 19 to 37 are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 31 December 2014 and of the performance for the year ended on the date based on the available accounting records and limitations set out in Note 1
 - c. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2011 for the financial year ended 31 December 2014.

For and on behalf of the Board;



Mr Peter Marks
Chairman
Savcor Group Limited

Dated: This the 31st Day March 2015



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Independent auditor's report to the members of Savcor Group Limited

Report on the financial report

We were engaged to audit the accompanying financial report of Savcor Group Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *Australian Accounting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Because of the matter described in the Basis for Disclaimer of Opinion on the financial report, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Basis for Disclaimer of Opinion on the financial report

The company entered administration on 27 June 2014. As set out in Note 1, there were incomplete books and records available to those charged with governance when the company entered administration. Additionally, there were no management personnel available with knowledge of the company's affairs relating to the period prior to entering administration. The Directors have been unable to rectify these books and records and unable to prepare a complete financial report. As such, we have been unable to obtain sufficient appropriate audit evidence in respect of the year ended 31 December 2014.

Disclaimer of Opinion on the financial report

Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the financial report paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

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Emphasis of Matter on going concern

Without modifying our disclaimer of opinion on the financial report, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the company's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

We were engaged to audit the Remuneration Report included in pages 7 to 8 of the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Because of the matter described in the Basis for Disclaimer of Opinion on the remuneration report, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion on the remuneration report

The company entered administration on 27 June 2014. As set out in Note 1, there were incomplete books and records available to those charged with governance when the company entered administration. Additionally, there were no management personnel available with knowledge of the company's affairs relating to the period prior to entering administration. Information on the remuneration paid to key management personnel was not available as set out in the remuneration report. As such, we have been unable to obtain sufficient appropriate audit evidence in respect of remuneration report.

Disclaimer of Opinion on the remuneration report

Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the remuneration report paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the remuneration report.

Ernst & Young

Scott M. Jarrett
Partner
Sydney
31 March 2015

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Shareholder Information

SHAREHOLDER ENQUIRIES

Shareholders with enquiries about their shareholdings should contact the Share Register:

Boardroom Pty Ltd
Level 8, 446 Collins Street
Melbourne, Victoria, 3000
Australia

Telephone: 1300 737 760

CHANGE OF ADDRESS, CHANGE OF NAME, CONSOLIDATION OF SHAREHOLDINGS

Shareholders should contact the Share Registry to obtain details of the procedure required for any of these changes.

REMOVAL FROM THE ANNUAL REPORT MAILING LIST

Shareholders who wish to receive the Annual Report should advise the Share Registry in writing. These shareholders will continue to receive all other shareholder information.

TAX FILE NUMBERS

It is important that Australian resident shareholders, including children, have their tax file number or exemption details noted by the Share Registry.

CHESS (Clearing House Electronic Sub-Register System)

Shareholders wishing to move to uncertified holdings under the Australian Stock Exchange (CHESS) system should contact their stockbroker.

UNCERTIFIED SHARE REGISTER

Shareholding statements are issued at the end of each month that there is a transaction that alters the balance of your holding.

Company Directory

AUSTRALIAN BUSINESS NUMBER (ABN)

52 127 734 196

DIRECTORS

Mr Peter Marks
Mr Vincent Savage
Mr Phillip Hains

Savor Group Limited

by shares and is domiciled in Australia.

Chairman
Director
Director

COMPANY SECRETARY

Mr Phillip Hains

REGISTERED OFFICE

Suite 1, 1233 High Street
Armadale, Victoria, 3143
Australia
Telephone: + 61 (0)3 9824 5254
Facsimile: + 61 (0)3 9822 7735

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SHARE REGISTRY

Boardroom Pty Ltd
Level 8, 446 Collins Street
Melbourne, Victoria, 3000
Australia
Telephone: 1300 737 760

BANKERS

National Australia Bank (NAB)
330 Collins Street,
Melbourne, Victoria, 3000
Australia

AUDITORS

Ernst & Young
680 George Street
Sydney, NSW, 2000
Australia
Telephone: + 61 (0)2 8295 6918

SECURITIES QUOTED

Australian Securities Exchange

- Ordinary Fully Paid Shares (Code: SAV)