Nullarbor Holdings Limited

ABN 42 000 764 572

Financial Statements

For the Year Ended 30 June 2010

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ABN 42 000 764 572

For the Year Ended 30 June 2010

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Nullarbor Holdings Limited

ABN 42 000 764 572

Directors' Report

For the Year Ended 30 June 2010

Your directors present their report, together with the statement of the Group, being the company and its controlled entities, for the financial year ended 30 June 2010.

1. General information

Directors

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

Names	Position	Appointed/Resigned
A. D. Howard	Chairman / Managing Director	Appointed 21 June 2010
P. De Prima	Director	Appointed 21 June 2010
C. A. Grady	Director and Secretary	
Dr K. C. W. Wong	Director	
Dr C. K. Wong	Former Chairman / Managing Director	Resigned 21 June 2010

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

Principal Activities and Significant Changes in Nature of Activities

The principal activities of the Group during the financial year were mining exploration, general investment and the development of the rubber trye processing facility.

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

2. Operating Results and Review of Operations for the Year

Operating Results

The consolidated loss of the Group for the financial year after providing for income tax and eliminating minority equity interests amounted to $ (3,614,833). This was largely due to the write down in value of the Groups investment in Flight Focus Pte Ltd to the amount determined by the Independent Experts, Hall Chadwick in their report which was sent to the shareholders. The amount of the write down was $(2,848,702).

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of operations

Exploration:

Several prospects were reviewed during the year, and the board decided that the prospects were not viable at this point in time.

Flight Focus:

During the year Flight Focus continued with its efforts to commercialise the business with limited success achieved to date. Eight widebody aircraft are now flying with a live AMDS system installed, with another 100 aircraft due for

2. Operating Results and Review of Operations for the Year

Review of operations

installation during the next financial year. Airworthiness approvals are getting finalised for the Airbus narrowbody aircraft, with the first A320 aircraft expected to be airborne in the September 2010 quarter. In accordance with the independent experts report, prepared by Hall Chadwick and provided to shareholders, the Board has taken steps to reduce the value of the carrying amount of this investment at balance date to agree with the independent experts determination. The result of this decision was to increase the loss for the year by $2,848,702.

Rubber Processing Project:

As previously reported to the market agreement to settle the ongoing dispute between the joint venture parties was finally reached in the middle of June 2010. The agreement required the directors to call a general meeting of shareholders to acquire the remaining 50% equity interest in Oakturn Pty Limited. Details of the other resolutions to be considered at that meeting are set out in the notes to the financial statements. In early July 2010, a capital raising of $880,000 was achieved to provide working capital and to enable the rubber plant to be completed. All costs incurred to date have been capitalised in the financial accounts. At this point commissioning of the plant is expected to commence within the next two weeks and the company is also about to recommence its tyre collection process, which will provide a positive cashflow to the company.

3. Financial review

Financial position

The net assets of the Group have decreased by $ 3,513,275 from 30 June 2009 to $ (410,953) in 2010. The decrease has largely resulted from the following factors:

- The write down in the carrying value of the Groups investment in Flight Focus Pte Ltd of $2,848,702.

4. Other items

Significant Changes in State of Affairs

No significant changes in the Group's state of affairs occurred during the financial year.

After balance date events

Subsequent to balance date the Directors called a General Meeting of Shareholders to be held on 10 October 2010 to consider the following resolutions:

Resolution 1. Approval of the Share Placement which occurred on 12 July 2010, and raised $880,000 in cash funds.

Resolution 2. Approval of the Share acquisition of the remaining 50% equity interest in Oakturn Pty Limited and approval of the issue of 30,000,000 ordinary shares in full settlement thereof.

Resolution 3. Approval of the sale of the Simultech share investment.

Resolution 4. Approval of the Smithfield Property acquisition.

Resolution 5. Approval of the Change of Company name to Carbon Polymers Limited.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future Developments

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

Environmental Issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

5. Director Information

Information on Directors

A. D. Howard	Chairman / Managing Director
Qualifications	Registered Representative - Sydney Futures Exchange.
Experience	Extensive experience in capital markets with local and international investment banks over many years.
Interest in Shares and Options	Nil
Directorships held in other listed entities during the three years prior to the current year	Appointed as a director of Allmine Group Limited on 26 July 2010
P. De Prima	Director
Qualifications	Finance Broker by profession.
Experience	More than 40 years of experience in the finance and banking industry.
Interest in Shares and Options	Beneficial interest in 3,292,207 ordinary shares.
C. A. Grady	Director and Secretary
Qualifications	Chartered Accountant by profession
Experience	Extensive experience in the management and audit of companies
Interest in Shares and options	Beneficial interest in 95,000 ordinary shares.
Dr K. C. W. Wong	Director
Qualifications	Medical Practitioner by profession
Experience	Fellow of the Australian Institute of Company Directors
Interest in Shares and Options	Beneficial interest in 821,852 ordinary shares.
Dr C. K. Wong	Former Chairman / Managing Director
Qualifications	Wide experience in the management of mining companies and general business.
Interest in Shares and Options	252,852 ordinary shares and a beneficial interest in 43,649,723 ordinary shares.

Company Secretary

The company secretaries at the end of the financial year were Mr C A Grady CA and ms S Powell CA.

Meetings of Directors

During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee Meetings		Nominating Committee Meetings		Human Resources Committee Meetings		Operations Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
A. D. Howard	1	1	-	-	-	-	-	-	-	-
P. De Prima	1	1	-	-	-	-	-	-	-	-
C. A. Grady	8	8	-	-	-	-	-	-	-	-
Dr K. C. W. Wong	8	8	-	-	-	-	-	-	-	-
Dr C. K. Wong	7	7	-	-	-	-	-	-	-	-

6. Indemnifying Officers or Auditors

No indemnities have been given, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Group.

The company has paid premiums to insure the directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

7. Options

At the date of this report, there are no unissued ordinary shares of Nullarbor Holdings Limited under option agreements.

Option holders do not have any rights to participate in any issues of shares or other interests in the company or a controlled entity.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2010, the following ordinary shares of Nullarbor Holdings Limited were issued on the exercise of options granted. No further shares have been issued since that date. No amounts are unpaid on any of these shares.

Grant Date	Exercise Price	Number of Shares Issued
15 June 2007	0.65	160,000
		160,000

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

8. Proceedings on Behalf of Company

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

The company was not a party to any such proceedings during the year.

9. Auditor's Independence Declaration

The lead auditors independence declaration for the year ended 30 June 2010 has been received and can be found on page 14 of the financial report.

10. Remuneration Report

Remuneration Policy

The remuneration policy of Nullarbor Holdings Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Nullarbor Holdings Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy is to be developed by the remuneration committee and approved by the Board after professional advice is sought from independent external consultants.

- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.

- Performance incentives are generally only paid once predetermined key performance indicators have been met.

- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

- The remuneration committee reviews key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

10. Remuneration Report

Remuneration Policy

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. Key management personnel are paid a percentage of between 5-10% of their salary in the event of redundancy. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to key management personnel is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Key management personnel are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or financial report has been disclosed to the public and is valued using the Black-Scholes methodology.

Key management personnel who are subject to the arrangement are subject to a policy governing the use of external hedging arrangements. Such personnel are prohibited from entering into hedge arrangements, ie put options, on unvested shares and options which form part of their remuneration package. Terms of employment signed by such personnel contain details of such restrictions.

Performance-based Remuneration

The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Nullarbor Holdings Limited bases the assessment on audited figures, however, where the KPI involves comparison of the Group, or a division within the Group, to the market, independent reports are obtained from organisations such as Standard & Poor's.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on key performance indicators, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy was effective in increasing shareholder wealth over the past four years.

The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit,

10. Remuneration Report

Relationship between Remuneration Policy and Company Performance

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In determining whether or not a KPI has been achieved, Nullarbor Holdings Limited bases the assessment on audited figures, however, where the KPI involves comparison of the Group, or a division within the Group, to the market, independent reports are obtained from organisations such as Standard & Poor's.

Remuneration Details for the Year Ended 30 June 2010

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group and, to the extent different, the five Group executives and five company executives receiving the highest remuneration:

Table of Benefits and Payments for the Year Ended 30 June 2010

		Short-term benefits		Post-employment benefits	Equity-settled share-based payments		
		Salary, fees and leave	Consulting fees	Super-annuation	Shares/ Units	Options/ Rights	Total
		$	$	$	$	$	$
Key Management Personnel							
C. A. Grady	2010	-	**79,000**	-	-	-	**79,000**
	2009	-	23,000	-	-	-	23,000
Dr C. K. Wong	2010	-	**50,000**	-	-	-	**50,000**
	2009	-	100,000	-	-	-	100,000
Dr K. C. W. Wong	2010	-	**9,000**	-	-	-	**9,000**
	2009	-	9,000	-	-	-	9,000
J Gordon	2010	-	**250,000**	-	-	-	**250,000**
Total Key Management Personnel	2010	-	**388,000**	-	-	-	**388,000**
	2009	-	132,000	-	-	-	132,000

Securities Received that are not Performance Related

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

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Directors' Report

For the Year Ended 30 June 2010

10. Remuneration Report

Share Options Granted

	Grant details			For the financial year ended 30 June 2010			
	Date	No.	Value $	Exercised No.	Exercised $	Lapsed No.	Lapsed $
Key Management Personnel							
A. D. Howard		-	-	-	-	-	-
P. De Prima		-	-	-	-	-	-
C. A. Grady	15 June 2007	700,000	455,000	160,000	104,000	460,000	299,000
Dr K. C. W. Wong	15 June 2007	700,000	455,000	-	-	700,000	455,000
Dr C. K. Wong	15 June 2007	600,000	390,000	300,000	195,000	300,000	195,000
				460,000	299,000	1,460,000	949,000

All options exercised resulted in the issue of ordinary shares in Nullarbor Holdings Limited on a 1:1 basis. All persons exercising options paid the relevant exercise price in its entirety. Option values at grant date were determined using the Black-Scholes option pricing model which takes into account the share price and expected volatility of the underlying share, the exercise price (65 cents) and the term of the option (2.5 years), the risk free interest rate and expected dividends. All options that were not exercised, lapsed on 31 December 2009.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Director: ....
A. D. Howard

Director: ....
C. A. Grady

Dated 30 September 2010

This statement on the corporate governance of the Company is based on the principles of corporate governance set out in the ASX Principles of Corporate Governance and Recommendations.

Principle 1: Laying Solid Foundations for Management and Oversight

The role of the Board of Directors is to set goals and policies for the operation of the Company, to oversee the Company's management, to regularly review performance and to generally monitor the Company's affairs in the best interests of shareholders.

The board of directors comprises:

A Howard	(Chairman and Managing Director) - appointed June 2010
Dr K. C. W. Wong	- appointed 2001
C A Grady	- appointed 1998
P De Prima	- apppointed June 2010

The composition of the board is determined by the shareholders.

The specific role of the Board and directors is to:

- ensure compliance in legal, statutory, and other ethical matters;
- monitor the business environment;
- identify business risk areas;
- identify business opportunities; monitor systems established to ensure prompt responses to shareholders complaints and enquiries.

Principle 2: Structuring the Board to Add Value

Board Composition

The Board is comprised of a Chairman and three executive directors. Except for the Chairman all directors have a personal financial interest in the Company. The Company is small and the Board considers that a financial interest is desirable and does not compromise independence. Two of the directors are regarded as independent and the Board is comprised of a balance of executive directors. The board considers this composition is appropriate for a Company of this size and adjusting the Board to achieve majority independent status is not necessary at this time. Details of the skills, experience and expertise of the directors is set out in the Directors Report.

The directors, other than the Managing Director, are subject to rotation in accordance with the Company's Constitution.

The directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chairman prior to incurring any expense on behalf of the company.

Audit Committee

As the Company was not within the ASX top 500 at the 1st July 2009, an audit committee is not mandatory. The board considers that a formal audit committee would not provide improved efficiencies. All directors are involved in the day to day management and control of the company.

The Board periodically reviews the Company's accounting policies; the content of financial statements; issues relating to the controls applied to the Company's activities, the content, effectiveness of the external audit; risk management issues; compliance issues and other related matters.

Remuneration Committee

The remuneration of the directors is determined by the board subject to the limits set by the Company's Constitution and/or the shareholders in general meeting.

The Company has a small Board of Directors. The Board considers that a formal remuneration committee would not provide improved efficiencies.

Nomination Committee

The Company has a small Board of Directors. The Board considers that a formal nomination committee would not provide improved efficiencies.

Independence of Directors

Following the appointment of Mr A D Howard as Chairman, the company now has an independent Director as Chairman of the Company.

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the director's report.

Mr C A Grady who has been a director for 12 years is considered to be independent. The Board does not consider that his tenure compromises independence.

The Board is of the view that length of service on the Board does not of itself compromise independence. In fact, we believe it assists the Board of Directors to have experience over a number of business cycles.

Consideration is also given to the issue of Director Independence in any situation where an individual Director may be a partner in, controlling shareholder of, or executive of an entity which has a material commercial relationship with Nullarbor Holdings Limited. The Board would consider whether the relevant Director remained independent in any situation where, as a result of the commercial relationship with Nullarbor holdings Limited, an amount is paid or received and the Director had a direct or indirect material interest.

Principle 3: Promotion of Ethical and Responsible Decision-making

The Company maintains high standards of ethical conduct to ensure all its activities are undertaken with efficiency, honesty and fairness.

Because of its size the Company does not consider a written statement of the Principles of Conduct will provide greater efficiency.

Dealings by Directors and Officers in Company Securities

Specific policies have been adopted by the Board in relation to buying or selling by Directors and employees, of securities in the Company itself. Directors and officers must not buy or sell the Company's securities if they possess information which is not generally available and which may materially affect the value of the Company's securities until that information has been released to the market and adequate time has been given for this to be reflected in the securities prices.

Details of all securities transactions by Directors are publicly reported to the Australian Stock Exchange within five business days of their occurrence as required by the Listing Rules.

Principle 4: Safeguarding Integrity in Financial Reporting

The Company is not required to establish an Audit Committee. (Refer to Principle 2).

The Board has obtained from the Managing Director/CEO and the Company Secretary/CFO written affirmation that to the best of their knowledge and belief the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards.

Principle 5: Timely and Balanced Disclosure

As a listed entity, the Company has an obligation under the ASX Listing Rules to maintain an informed market with respect to its securities. Accordingly, we keep the market advised of all information required to be disclosed under the Rules which we believe would have material affect on the price or value of the Company's securities.

The Company Secretary and the Managing Director have responsibility for compliance with ASX Listing Rules.

Because of its size, the Company does not consider a written statement of policies and procedures designed to give affect to obligations under the ASX Listing Rules will provide greater efficiency.

Principle 6: Respecting the Rights of Shareholders

Our shareholders own the Company, and the Board's primary responsibility to them is to do its utmost to meet the Company's objectives and so increase the Company's value for all shareholders. As owners of the Company, the Board maintains active communication with shareholders as often as is practicable.

Each year the Company asks its external auditor to attend the Annual General Meeting to answer any shareholders' questions regarding the audit.

Principle 7: Recognising and Managing Risk

The Company is committed to the establishment and maintenance of a sound system of risk oversight, management and internal control. The Company has recognised and addressed material risks to the business since its inception. The Company does not consider a formal statement of risk management procedures would result in improved efficiency.

The Managing Director/CEO and Company Secretary/CFO have stated in writing that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects and the statement given at Principle 4 is founded on a sound system of risk management and internal compliance and control.

Principle 8: Remunerate fairly and responsibly

Nullarbor Holdings Limited is a small company. The Board does not consider that formal performance evaluation procedures would improve efficiencies. An informal annual performance evaluation of the board and all board members was conducted by the Board for the financial year ended 30 June 2010. The chairman also speaks to each director individually regarding their role as a director and to identify ways to improve performance.

The Board sets the remuneration of executive directors. The Company does not employ any non director executives. The Board does not consider that a formal Remuneration Committee would improve efficiencies when the Company has a small Board of Directors and no non director executives.

The constitution of Nullarbor Holdings Limited requires approval by the shareholders in general meeting of a maximum amount of remuneration to be allocated between non-executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Australian corporate Directors.

Non-executive directors do not receive any performance based remuneration. Non-executive Directors' remuneration comprises solely of Directors' fees and allowances plus payments pursuant to the Superannuation Guarantee Contribution.

Further information on Directors' remuneration is set out in the Financial Report.

Executives are also entitled to participate in the employee share and option arrangements.

The amount of remuneration for all directors and other key management personnel, including all monetary and non monetary components, are detailed in the financial report. All remuneration paid to executives is valued at the cost to the company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black Scholes methodology.

The board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the economic entity. It will also provide executives with the necessary incentives to work to grow long term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the directors annually as part of the review of executive remuneration and a recommendation is put to the board for approval. All bonuses, options and incentives must be linked to predetermined performance criteria.

Explanations for Departures from Best Practice Recommendations

The Board has adopted corporate governance practices that are commensurate with the size and scope of the Company and its activities. The Company has therefore adopted policies, procedures and structures which have been designed with the best interests of the Company and its shareholders in mind, and which are practical and efficient to implement, notwithstanding that these are not in all instances consistent with the specific recommendations of the ASX Corporate Governance Council. To the extent that the Company's practises did not conform with the ASX Principles and Recommendations during the reporting period, and explanation for departure from the respective Principles and Recommendations is provided below:

Principle - Ref / Notification of Departure - Explanation For Departure

Principle 1

1.1 *Formalise the functions reserved to the Board and those delegated to management*

As the Company currently has no fulltime employees it is not possible to delegate any functions to management. All of the Company's business is performed by the directors.

Principle 2

2.1 *A Majority of the Board should be independent*

Given the size and scope of the Company's operations the Board considers that it is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders.

2.3 The roles of the Chairman and Chief Executive Officer should not be the same person.

Given the size and scope of the Company's operations the Board considers that there is no real benefit to be gained by appointing a Chief Executive Officer in addition to the Chairman.

2.4 A separate Nomination Committee has not been formed.

The role of the Nomination Committee is carried out by the full Board. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.

Principle 3

3.1 A formal written Code of Conduct.

Whilst the Company does not have a formal written Code of Conduct the Board applies the principle in full in its daily operations. The Directors are involved in all Company matters and decision making. All decisions are made by the Board after due consideration is given to the legal obligations of the Company and in the best interests of the shareholders. In the circumstances the Board considers that its actions during the year more than meet the requirements for disclosure and reporting.

Principle 4

4.1 to 4.4 The board should establish an audit committee.

The Company is not required to establish an Audit Committee. (Refer to Principle 2).

The Board has obtained from the Managing Director/CEO and the Company Secretary/CFO written affirmation that to the best of their knowledge and belief the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards.

Principle 5

5.1 There are no written policies and procedures designed to ensure compliance with the ASX Listing Rule disclosure requirements.

Although there are no written policies in place the responsibility for compliance with the ASX Listing Rules is handled by the Board. The Board considers that we meet the requirements.

Principle 6

6.1 The design and implementation of a company website to promote effective communication with shareholders.

Whilst the Company has not developed a web site to date, the Board believes that effective communication with its shareholders has been achieved via the traditional methods of email, telephone, fax and post. Company email addresses are included on all correspondence sent to shareholders and on all documents lodged with the ASX. It is planned that during the current year steps will be taken to make this facility available to shareholders.

Principle 7

7.1 The Board should establish policies on risk oversight and management.

Due to the size and scope of the Company's operations the full Board is responsible for the risk oversight and management issues. All acquisitions and disposals are approved by the Board.

Principle 8

8.1 The Board should establish a remuneration committee.

The Company has a small Board of Directors. The Board considers that a formal remuneration committee would not provide improved efficiencies.

Nullarbor Holdings Limited

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Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the Board Nullarbor Holdings Limited and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Stirling International
Chartered Accountants

Roger Williams
Partner

30 September 2010

Sydney

Nullarbor Holdings Limited

ABN 42 000 764 572

Statement of Comprehensive Income

For the Year Ended 30 June 2010

		Consolidated		Parent	
		2010	2009	2010	2009
	Note	$	$	$	$
Other income	2	**7,487**	4,626	**1,257**	4,626
Employee benefits expense		**(50,000)**	(164)	**(50,000)**	(164)
Depreciation and amortisation expense		**(22,292)**	(16,741)	**2,708**	(16,741)
Other expenses	3	**(3,205,832)**	(192,966)	**(3,130,832)**	(192,966)
Finance costs		**(344,196)**	(178,001)	**(344,196)**	(178,001)
Loss before income tax		**(3,614,833)**	(383,246)	**(3,521,063)**	(383,246)
Income tax expense	4	-	-	-	-
Loss for the year		**(3,614,833)**	(383,246)	**(3,521,063)**	(383,246)
Other comprehensive income:					
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income/(loss) for the year		**(3,614,833)**	(383,246)	**(3,521,063)**	(383,246)
Earnings per share					
From continuing and discontinued operations:					
Basic earnings per share (cents)		**(4.86)**	(0.51)	-	-
Diluted earnings per share (cents)		**(4.89)**	(0.52)	-	-

The accompanying notes form part of these financial statements.

Nullarbor Holdings Limited

ABN 42 000 764 572

Statement of Financial Position

As At 30 June 2010

		Consolidated		Parent	
		2010	2009	2010	2009
	Note	$	$	$	$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	**80,587**	262,991	**62,082**	192,229
Trade and other receivables	6	**128,451**	-	**2,018,442**	4,873,155
Other financial assets	7	**2,041,644**	19,787	**29,463**	19,787
TOTAL CURRENT ASSETS		**2,250,682**	282,778	**2,109,987**	5,085,171
NON-CURRENT ASSETS					
Trade and other receivables	6	-	-	**3,565,257**	2,321,668
Investments accounted for using the equity method	10	-	-	**402**	202
Other financial assets	7	-	4,860,884	-	-
Property, plant and equipment	8	**1,920,149**	1,728,273	-	-
Intangible assets	9	**1,735,200**	462,817	-	-
TOTAL NON-CURRENT ASSETS		**3,655,349**	7,051,974	**3,565,659**	2,321,870
TOTAL ASSETS		**5,906,031**	7,334,752	**5,675,646**	7,407,041
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	11	**2,667,294**	582,740	**2,330,645**	642,852
Borrowings	12	**2,700,000**	-	**2,700,000**	1
Short-term provisions	13	**49,691**	-	**49,691**	-
TOTAL CURRENT LIABILITIES		**5,416,985**	582,740	**5,080,336**	642,853
NON-CURRENT LIABILITIES					
Trade and other payables	11	-	-	**2**	1
Borrowings	12	**900,000**	3,600,000	**900,000**	3,600,000
Long-term provisions	13	-	49,691	-	49,691
TOTAL NON-CURRENT LIABILITIES		**900,000**	3,649,691	**900,002**	3,649,692
TOTAL LIABILITIES		**6,316,985**	4,232,431	**5,980,338**	4,292,545
NET (LIABILITIES)/ASSETS		**(410,954)**	3,102,321	**(304,692)**	3,114,496
EQUITY					
Issued capital	14	**17,669,883**	17,568,008	**17,669,883**	17,568,008
Reserves	15	**410,205**	410,522	**411,320**	411,320
Accumulated losses		**(18,491,141)**	(14,876,309)	**(18,385,895)**	(14,864,832)
Parent interest		**(411,053)**	3,102,221	**(304,692)**	3,114,496
Non-controlling interest		**100**	100	-	-
TOTAL EQUITY		**(410,953)**	3,102,321	**(304,692)**	3,114,496

The accompanying notes form part of these financial statements.

Nullarbor Holdings Limited

ABN 42 000 764 572

Statement of Changes in Equity

For the Year Ended 30 June 2010

2010

		Parent							
	Note	Ordinary Shares $	Convertible Notes $	Retained Earnings $	Capital Profits Reserve $	Foreign Currency Translation Reserve $	Option Reserve $	Non-controlling Interests $	Total $
Balance at 1 July 2009		**17,568,008**	-	**(14,864,832)**	**219,462**	-	**191,858**	-	**3,114,496**
Profit or loss attributable to members of the parent entity		-	-	**(3,521,063)**	-	-	-	-	**(3,521,063)**
Issued during the year		**104,000**	-	-	-	-	-	-	**104,000**
Transaction Costs		**(2,125)**	-	-	-	-	-	-	**(2,125)**
Sub-total		**101,875**	-	**(3,521,063)**	-	-	-	-	**(3,419,188)**
Balance at 30 June 2010		**17,669,883**	-	**(18,385,895)**	**219,462**	-	**191,858**	-	**(304,692)**
Balance at 1 July 2008		17,321,008	-	(14,481,586)	219,462	-	191,858	-	3,250,742
Profit or loss attributable to members of the parent entity		-	-	(383,246)	-	-	-	-	(383,246)
Issued during the year		247,000	3,600,000	-	-	-	-	-	3,847,000
Change of accounting policy	1(t), 12	-	(3,600,000)	-	-	-	-	-	(3,600,000)
Sub-total		247,000	-	(383,246)	-	-	-	-	(136,246)
Balance at 30 June 2009		17,568,008	-	(14,864,832)	219,462	-	191,858	-	3,114,496

The accompanying notes form part of these financial statements.

Nullarbor Holdings Limited

ABN 42 000 764 572

Statement of Changes in Equity

For the Year Ended 30 June 2010

2010

		Consolidated							
	Note	Ordinary Shares $	Convertible Notes $	Retained Earnings $	Capital Profits Reserve $	Foreign Currency Translation Reserve $	Option Reserve $	Non-controlling Interests $	Total $
Balance at 1 July 2009		**17,568,008**	**-**	**(14,876,307)**	**219,462**	**(798)**	**191,858**	**100**	**3,102,323**
Profit attributable to members of the parent entity		**-**	**-**	**(3,614,833)**	**-**	**-**	**-**	**-**	**(3,614,833)**
Issued during the year		**104,000**	**-**	**-**	**-**	**-**	**-**	**-**	**104,000**
Transaction costs		**(2,125)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,125)**
Adjustments from translation of foreign controlled entities		**-**	**-**	**-**	**-**	**(318)**	**-**	**-**	**(318)**
Sub-total		**101,875**	**-**	**(3,614,833)**	**-**	**(318)**	**-**	**-**	**(3,513,276)**
Balance at 30 June 2010		**17,669,883**	**-**	**(18,491,140)**	**219,462**	**(1,116)**	**191,858**	**100**	**(410,953)**
Balance at 1 July 2008		17,321,008	-	(14,493,061)	219,462	(425,927)	191,858	-	2,813,340
Profit attributable to members of the parent entity		-	-	(383,246)	-	-	-	-	(383,246)
Issued during the year		247,000	3,600,000	-	-	-	-	100	3,847,100
Change in accounting policy	1(t), 12	-	(3,600,000)	-	-	-	-	-	(3,600,000)
Adjustments from translation of foreign controlled entities		-	-	-	-	425,129	-	-	425,129
Sub-total		247,000	-	(383,246)	-	425,129	-	100	288,983
Balance at 30 June 2009		17,568,008	-	(14,876,307)	219,462	(798)	191,858	100	3,102,323

The accompanying notes form part of these financial statements.

Nullarbor Holdings Limited

ABN 42 000 764 572

Statement of Cash Flows

For the Year Ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**6,230**	-	-	-
Payments to suppliers and employees		**(116,298)**	(86,444)	**(309,609)**	(26,331)
Dividends received		**696**	988	**696**	988
Interest received		**561**	3,638	**561**	3,638
Interest paid		**(344,196)**	(178,001)	**(344,196)**	(178,001)
Net cash provided by (used in) operating activities	24	**(453,007)**	(259,819)	**(652,548)**	(199,706)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for subsidiary, net of cash acquired		-	-	**(200)**	(100)
Acquisition of property, plant and equipment		**(216,876)**	(1,728,273)	-	-
Acquisition of other investments		-	(325,133)	-	99,900
Development expenditure		**(1,272,382)**	(462,817)	-	-
Payments to related parties		-	-	**(1,237,578)**	(2,321,668)
Net cash provided by (used in) investing activities		**(1,489,258)**	(2,516,223)	**(1,237,778)**	(2,221,868)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares	14	**101,875**	247,100	**101,875**	247,000
Proceeds from the issue of convertible notes	12	-	3,600,000	-	3,600,000
Proceeds from borrowings		**1,658,304**	-	**1,658,304**	-
Repayment of borrowings		-	(1,460,000)	-	(1,460,000)
Net cash provided by (used in) financing activities		**1,760,179**	2,387,100	**1,760,179**	2,387,000
OTHER ACTIVITIES					
Net increase (decrease) in cash held		**(182,086)**	(388,942)	**(130,147)**	(34,574)
Cash and cash equivalents at beginning of financial year		**262,991**	226,804	**192,229**	226,803
Effect of exchange rates on cash holdings in foreign currencies		**(318)**	425,129	-	-
Cash and cash equivalents at end of financial year	5	**80,587**	262,991	**62,082**	192,229

The accompanying notes form part of these financial statements.

This financial report includes the consolidated financial statements and notes of Nullarbor Holdings Limited and controlled entities (the Group), and the separate financial statements and notes of Nullarbor Holdings Limited as an individual parent entity (Parent).

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general purpose financial statement that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Nullarbor Holdings Limited at the end of the reporting period. A controlled entity is any entity over which Nullarbor Holdings Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 21 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the dale that control over the acquiree is

1 Summary of Significant Accounting Policies

(b) Principles of Consolidation

obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill (refer Note 1(g)) or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(c) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(d) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net

1 Summary of Significant Accounting Policies

(d) Property, Plant and Equipment

cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Plant and Equipment	2.5% to 30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

1 Summary of Significant Accounting Policies

(e) Financial Instruments

(d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months are the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

1 Summary of Significant Accounting Policies

(e) Financial Instruments

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets)

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(vi) Net assets attributable to unitholders

Units are redeemable at the option of the unitholder and are therefore classified as financial liabilities. Redemption of units obligates the company to deliver cash to the unitholder based on the fair value of the units at the date of redemption. The liability at balance date is measured at fair value with changes recognised through profit or loss.

Derivative instruments

Nullarbor Holdings Limited and controlled entities designates certain derivatives as either:

(i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

(ii) hedges of highly probable forecast transactions (cash flow hedges).

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

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

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

1 Summary of Significant Accounting Policies

(e) Financial Instruments

Fair value

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

Impairment

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

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the company gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

1 Summary of Significant Accounting Policies

(f) Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information including, dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

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

(g) Intangibles

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i) the consideration transferred;

ii) any non-controlling interest; and

iii) the acquisition date fair value of any previously held equity interest,

over the acquisition date fair value of net identifiable assets acquired.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group determines which method to adopt for each acquisition.

Under the 'full goodwill method', the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

1 Summary of Significant Accounting Policies

(g) Intangibles

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(h) Cash and Cash Equivalents

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

(i) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Equity-settled compensation

the Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

1 Summary of Significant Accounting Policies

(k) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

1 Summary of Significant Accounting Policies

(m) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(n) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All dividends received shall be recognised as revenue when the right to receive the dividend has been established.

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

1 Summary of Significant Accounting Policies

(o) Borrowing Costs

All other borrowing costs are recognised in income in the period in which they are incurred.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the

1 Summary of Significant Accounting Policies

(q) Foreign Currency Transactions and Balances

Group companies
statement of comprehensive income in the period in which the operation is disposed.

(r) Parent Entity Disclosures

The company has applied the relief available to it under ASIC Class Order 10/654 and accordingly, parent entity disclosures in the financial report have been retained.

(s) Critical Accounting Estimates and Judgments

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

Key estimates - Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(t) Change in Accounting Policy

The consolidated group changed its accounting policy relating to convertible notes.

At the time that the convertible notes were issued during the 2009 year, the Directors were of the opinion that the notes would be converted to issued capital in accordance with the terms and conditions of the notes when issued. Accordingly, they were considered to be equity in nature at the end of the previous financial year.

In accordance with the settlement reached in June 2010 with the joint venture partners, and as part of a resolution to be considered at the General Meeting to be held on 10 October 2010, the Directors now consider that it is unlikely that the notes will convert into issued capital, and therefore it is appropriate that the financial statements be amended to reflect the change in accounting policy.

For further details, refer Note 12(a).

1 Summary of Significant Accounting Policies

(t) Change in Accounting Policy

The aggregate effect of the change in accounting policy on the financial statements for the year ended 30 June 2010 is as follows (no taxation effect results from these changes):

	Previously stated	2009 Adjustment	Restated
	$	$	$
Consolidated			
Statement of Financial Position			
Issued Capital	21,168,008	(3,600,000)	17,568,008
Borrowings	-	3,600,000	3,600,000
Parent			
Statement of Financial Position			
Issued Capital	21,168,008	(3,600,000)	17,568,008
Borrowings	-	3,600,000	3,600,000

(u) Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Nullarbor Holdings Limited.

AASB 3: Business Combinations

In March 2008, the Australian Accounting Standards Board revised AASB 3 and as a result, some aspects of business combination accounting have changed. The changes apply only to business combinations which occur from 1 July 2009. The following is an overview of the key changes and the impact on the the Group's financial statements in relation to the acquisition of an additional ownership interest in .

Recognition and measurement impact

Recognition of acquisition costs - The revised version of AASB 3 requires that all costs associated with a business combination be expensed in the period in which they were incurred. Previously such costs were capitalised as part of the cost of the business combination.

As such, $ NIL of costs associated with the acquisition of and additional ownership interest in , were expensed during the current financial year.

Measurement of contingent considerations - The revised AASB 3 requires that contingent considerations associated with a business combination be included as part of the cost of the business combination. They are recognised at the fair value of the payment calculated having regard to probability of settlement. Any subsequent changes in the fair value or probability of payment are recognised in the statement of comprehensive income except to the extent that they relate to conditions or events existing at acquisition date, in which case the consideration paid is adjusted. The previous version of AASB 3 allowed such changes to be

1 Summary of Significant Accounting Policies

(u) Adoption of New and Revised Accounting Standards

AASB 3: Business Combinations
recognised as a cost of the combination impacting goodwill.

In accounting for the acquisition of an additional ownership interest in , a contingent consideration of $ NIL has been recognised. There has been no current year impact on the statement of comprehensive income. However, as the probability of payment changes, some impact may be noted in future reporting periods.

Measurement of non-controlling interest - For each business combination, the acquirer must measure any non-controlling interest in the acquiree either at the fair value of the non-controlling interest (the 'full goodwill' method) or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, Under the previous version of AASB 3 only the latter option was permitted.

In accounting for the acquisition of an additional ownership interest in , the Group has elected to apply the full goodwill method. This has resulted in the recognition of an additional $ NIL of goodwill over and above what would have been recognised had the proportionate method been adopted.

Recognition of contingencies - The revised AASB 3 prohibits entities from recognising contingencies associated with a business combination, unless they meet the definition of a liability.

There were no contingencies associated with the acquisition of an additional ownership interest in .

Business combinations achieved in stages - The revised AASB 3 requires that where a business combination is achieved in stages, any previously held equity interest is to be remeasured to fair value and the resulting gain or loss, being the difference between fair value and historical cost, is to be recognised in the statement of comprehensive income. The previous version of AASB 3 accounted for each exchange transaction separately, using cost and fair value information at the date of each exchange to determine the amount of any goodwill associated with the acquisition. It was therefore possible to compare the cost of each individual investment with the fair value of identifiable net assets acquired at each step.

On acquisition of the additional ownership interest in , a fair value gain of $ NIL on the pre-existing equity holding was recognised in the statement of comprehensive income.

Disclosure impact

The revised AASB 3 contains a number of additional disclosure requirements, not required by the previous version of AASB 3. The revised disclosures are designed to ensure that users of the Group's financial statements are able to understand the nature and financial impact of any business combinations on the financial statements.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

Measurement impact

Identification and measurement of segments - AASB 8 requires the 'management approach' to the

1 Summary of Significant Accounting Policies

(u) Adoption of New and Revised Accounting Standards

AASB 8: Operating Segments
identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

Impairment testing of the segments goodwill

AASB 136: Impairment of Assets, paragraph 80 requires that goodwill acquired in a business combination shall be allocated to each of the acquirer's CGUs, or group of CGUs that are expected to benefit from the synergies of the combination. Each cash generating unit (CGU) which the goodwill is allocated to must represent the lowest level within the entity at which goodwill is monitored, however it cannot be larger than an operating segment. Therefore, due to the changes in the identification of segments, there is a risk that goodwill previously allocated to a CGU which was part of a larger segment could now be allocated across multiple segments if a segment had to be split as a result of changes to AASB 8.

Management have considered the requirements of AASB 136 and determined the implementation of AASB 8 has not impacted the CGUs of each operating segment.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact

Terminology changes - The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity - The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner

1 Summary of Significant Accounting Policies

(u) Adoption of New and Revised Accounting Standards

AASB 101: Presentation of Financial Statements
changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income - The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income - The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

(v) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. the Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9: Financial instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or alter 1 January 2013).

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

  The changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in

1 Summary of Significant Accounting Policies

(v) New Accounting Standards for Application in Future Periods

profit or loss and there is no impairment or recycling on disposal of the instrument; and

- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

(a) the objective of the entity's business model for managing the financial assets; and
(b) the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011)

  This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

  These standards detail numerous non-urgent but necessary changes to accounting standards arising from IASB's annual improvements project. No changes are expected to materially affect the Group.

- AASB 2009-8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

- AASB 2009-9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments specify requirements far entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

- AASB 2009-10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

  These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own

1 Summary of Significant Accounting Policies

(v) New Accounting Standards for Application in Future Periods

equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or alter 1 July 2010).

  This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

- AASB 2009-14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

  This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate early adoption of any of the above accounting standards.

	Consolidated		Parent	
	2010	2009	2010	2009
	$	$	$	$

2 Revenue and Other Income

Revenue from Continuing Operations

	2010	2009	2010	2009
Other revenue				
- interest received	**561**	3,638	**561**	3,638
- dividend received	**696**	988	**696**	988
- Other income	**6,230**	-	-	-
Total Revenue	**7,487**	4,626	**1,257**	4,626

Dividend Revenue

	2010	2009	2010	2009
Dividend revenue from:				
- other corporations	**696**	988	**696**	988
Total dividend revenue	**696**	988	**696**	988

Interest Revenue

	2010	2009	2010	2009
Interest revenue from:				
- bank	**561**	3,638	**561**	3,638
Total interest revenue on financial assets not at fair value through profit or loss	**561**	3,638	**561**	3,638

3 Profit for the Year

Expenses

	2010	2009	2010	2009
Interest expense on financial liabilities not at fair value through profit or loss:				
director-related entities	**344,196**	178,001	**344,196**	178,001
Total interest expense	**344,196**	178,001	**344,196**	178,001
Other Expenses:				
Bad and doubtful debts				
Doubtful debts	**75,000**	-	-	-
Total bad and doubtful debts	**75,000**	-	-	-
Fair value adjustments	**2,841,734**	-	**2,841,734**	-

4 Income Tax Expense

(a) The components of tax expense comprise:

	2010	2009	2010	2009
Current tax	-	-	-	-

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $

4 Income Tax Expense

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2009: 30%)				
- economic entity	**(1,084,450)**	(114,974)	**(1,056,318)**	(114,974)
	(1,084,450)	(114,974)	**(1,056,318)**	(114,974)
Add:				
Tax effect of:				
- other non-allowable items	**(578,463)**	223,310	**(578,463)**	223,310
-	**(1,662,913)**	108,336	**(1,634,781)**	108,336
Less:				
Tax effect of:				
- deferred tax benefits not recognised in accounts	**(1,662,913)**	108,336	**(1,634,781)**	108,336
Income tax attributable to entity	**-**	-	**-**	-

5 Cash and Cash Equivalents

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Cash on hand	**501**	101	**-**	-
Cash at bank	**80,086**	262,890	**62,082**	192,229
	80,587	262,991	**62,082**	192,229

6 Trade and Other Receivables

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
CURRENT				
Other receivables	**203,451**	-	**-**	-
Impairment	**(75,000)**	-	**-**	-
Amounts receivable from:				
- wholly-owned subsidiaries	**-**	-	**8,391,144**	8,397,155
- provision for impairment of receivable from wholly-owned subsidiaries	**-**	-	**(6,372,702)**	(3,524,000)
Total current trade and other receivables	**128,451**	-	**2,018,442**	4,873,155
NON-CURRENT				
Amounts receivable from:				
- wholly-owned subsidiaries	**-**	-	**3,565,257**	2,321,668
Total non-current trade and other receivables	**-**	-	**3,565,257**	2,321,668

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
7 Other Financial Assets				
CURRENT				
Available for sale financial assets	**2,041,644**	19,787	**29,463**	19,787
NON-CURRENT				
Available for sale financial assets	-	4,860,884	-	-

Available-for-sale financial assets comprise:

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Listed investments, at cost				
shares in listed corporations	**29,463**	19,787	**29,463**	19,787
Unlisted investment, at recoverable amount				
shares in other corporations at cost	**4,860,884**	4,860,884	-	-
Less: impairment provision	**(2,848,702)**	-	-	-
	2,012,182	4,860,884	-	-
Total available-for-sale financial assets	**2,041,645**	4,880,671	**29,463**	19,787

Available-for-sale financial assets comprise of investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost. Management has determined that the estimate of total consolidated fair values for unlisted investments would be within the range of $2,000,000 to $2,200,000 at 30 June 2010. Unlisted available-for-sale financial assets exist within active markets and could be disposed of if required.

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
8 Property, Plant and Equipment				
PLANT AND EQUIPMENT				
Plant and equipment				
At cost	**1,945,149**	2,364,800	-	636,527
Accumulated depreciation	**(25,000)**	(636,527)	-	(636,527)
Total property, plant and equipment	**1,920,149**	1,728,273	-	-

	Consolidated		Parent	
	2010	2009	2010	2009
	$	$	$	$

8 **Property, Plant and Equipment**

(a) **Movements in Carrying Amounts**

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year:

Consolidated

	Plant and Equipment $
Balance at 30 June 2010	
Balance at the beginning of year	**1,728,273**
Additions	**216,876**
Depreciation expense	**(25,000)**
Carrying amount at the end of 30 June 2010	**1,920,149**
Balance at 30 June 2009	
Balance at the beginning of year	-
Additions	1,728,273
Carrying amount at the end of year	1,728,273

9 **Intangible Assets**

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Development costs				
Cost	**1,735,200**	462,817	-	-
Net carrying value	**1,735,200**	462,817	-	-
Intangible assets				
Cost	**450,000**	450,000	-	-
Accumulated amortisation and impairment	**(450,000)**	(450,000)	-	-
Net carrying amount	-	-	-	-
Total Intangibles	**1,735,200**	462,817	-	-

Intangible assets, other than goodwill have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income. Goodwill has an infinite life.

	Consolidated		Parent	
	2010	2009	2010	2009
	$	$	$	$
10 Investments Accounted for Using the Equity Method				
Investments in subsidiaries - at cost	-	-	**450,102**	450,102
Less impairment	-	-	**(450,000)**	(450,000)
Interests in joint venture entities	-	-	**300**	100
	-	-	**402**	202
11 Trade and Other Payables				
CURRENT				
Unsecured liabilities				
Trade payables	**292,411**	69,665	**195,434**	68,662
Sundry payables and accrued expenses	**376,578**	173,075	**136,906**	234,190
Amount payable to:				
- director-related entity	**1,998,305**	340,000	**1,998,305**	340,000
	2,667,294	582,740	**2,330,645**	642,852
NON-CURRENT				
Unsecured liabilities				
Amount payable to:				
- wholly-owned subsidiaries	-	-	**2**	1
	-	-	**2**	1
12 Borrowings				
CURRENT				
Unsecured liabilities				
Convertible notes	**2,700,000**	-	**2,700,000**	1
	2,700,000	-	**2,700,000**	1
NON-CURRENT				
Unsecured liabilities				
Convertible notes	**900,000**	3,600,000	**900,000**	3,600,000
	900,000	3,600,000	**900,000**	3,600,000

(a) Convertible Notes

There are two convertible notes on issue. The first note being 6,666,667 notes convertible at 27 cents per note, and the second note being 6,000,000 notes convertible at 30 cents per note. Both notes carry interest calculated at 7% per annum.

	Consolidated		Parent	
	2010	2009	2010	2009
	$	$	$	$
13 Provisions				
Current	**49,691**	-	**49,691**	-
Non-current	**-**	49,691	**-**	49,691
Total employee provisions	**49,691**	49,691	**49,691**	49,691
14 Issued Capital				
74,388,909 (2009: 74,228,909) Ordinary	**17,669,883**	17,568,008	**17,669,883**	17,568,008
Total	**17,669,883**	17,568,008	**17,669,883**	17,568,008

(a) Ordinary Shares

	Consolidated		Parent	
	2010	2009	2010	2009
	No.	No.	No.	No.
At the beginning of the reporting period	**74,228,909**	73,848,909	**74,228,909**	73,848,909
Shares issued during the year				
Issued 30 June 2009	**-**	380,000	**-**	380,000
Issued 31 August 2009	**160,000**	-	**160,000**	-
Shares bought back during the year				
At reporting date	**74,388,909**	74,228,909	**74,388,909**	74,228,909

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the 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.

(b) Options

For information relating to Nullarbor Holdings Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to the Remuneration Report in the Directors Report.

14 Issued Capital

(c) Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio and ensure that the company can fund its operations and continue as a going concern.

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

There are no externally imposed capital requirements.

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

There have been no changes in the strategy adopted by management.

The gearing ratios for the year ended 30 June 2010 and 30 June 2009 are as follows:

		Consolidated		Parent	
		2010	2009	2010	2009
		$	$	$	$
Total borrowings		**3,600,000**	3,600,000	**3,600,000**	3,600,001
Trade and other payables	11	**668,988**	242,738	**332,339**	302,851
Less Cash and cash equivalents	5	**(80,587)**	(262,991)	**(62,082)**	(192,229)
Net debt		**4,188,401**	3,579,747	**3,870,257**	3,710,623
Total equity		**(410,954)**	3,102,322	**(304,692)**	3,114,495
Total capital		**3,777,447**	6,682,069	**3,565,565**	6,825,118
Gearing ratio		**111.00 %**	54.00 %	**109.00 %**	54.00 %

15 Reserves

(a) Capital Profits Reserve

The capital profits reserve records non-taxable profits on sale of investments.

(b) Option Reserve

The option reserve records amounts recognised as expense on the valuation of share options issued.

	Consolidated		Parent	
	2010	2009	2010	2009
	$	$	$	$

16 Earnings per Share

(a) Reconciliation of earnings to profit or loss

	Consolidated	
	2010	2009
	$	$
(Loss) / Profit for the year	**(3,614,833)**	(383,246)
Earnings used to calculate basic EPS	**(3,614,833)**	(383,246)
Earnings used in calculation of dilutive EPS	**(3,614,833)**	(383,246)

(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

Weighted average number of ordinary shares outstanding during the year - No.used in calculating basic EPS	**73,982,772**	73,849,950
Weighted average number of dilutive options outstanding	-	1,998,959
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**73,982,772**	75,848,909

(c) Diluted earnings per share is not reflected for discontinuing operations as the result is anti-dilutive in nature

17 Capital and Leasing Commitments

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Payable - minimum lease payments:				
- not later than 12 months	**360,000**	360,000	-	-
- between 12 months and 5 years	**960,000**	1,320,000	-	-
	1,320,000	1,680,000	-	-

Oakturn Pty Limited entered into a five year lease to secure premises in March 2009. Under the terms of the lease Nullarbor Holdings Limited provided a guarantee to the lessee to secure the rental obligation under the lease.

18 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries, leases and convertible notes.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated		Parent	
	2010	2009	2010	2009
	$	$	$	$
Financial Assets				
Cash and cash equivalents	**80,587**	262,991	**62,082**	192,229
Available-for-sale financial assets:				
- at fair value				
- listed investments	**29,463**	19,787	**29,463**	19,787
- unlisted investments	**-**	4,860,884	**-**	-
	29,463	4,880,671	**29,463**	19,787
Total available-for-sale financial assets	**29,463**	4,880,671	**29,463**	19,787
Total Financial Assets	**110,050**	5,143,662	**91,545**	212,016
Financial Liabilities				
Financial liabilities at amortised cost				
Trade and other payables	**2,667,293**	582,738	**2,330,644**	642,851
Borrowings	**3,600,000**	3,600,000	**3,600,000**	3,600,000
Total Financial Liabilities	**6,267,293**	4,182,738	**5,930,644**	4,242,851

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and commodity and equity price risk.

(a) Market risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

ii. Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

18 Financial Risk Management

(i) Financial instrument composition and maturity analysis

The consolidated group's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Non-interest Bearing		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	%	%	$	$	$	$	$	$	$	$
Financial Assets:										
Cash and cash equivalents	**1.00**	1.74	**80,587**	262,991	**-**	-	**-**	-	**80,587**	262,991
Receivables	**-**	-	**-**	-	**-**	-	**128,451**	-	**128,451**	-
Total Financial Assets			**80,587**	262,991	**-**	-	**128,451**	-	**209,038**	262,991
Financial Liabilities:										
Trade and sundry payables	**-**	-	**-**	-	**668,989**	242,740	**-**	-	**668,989**	242,740
Amounts payable to related parties	**-**	-	**-**	-	**1,998,605**	340,000	**-**	-	**1,998,605**	340,000
Total Financial Liabilities			**-**	-	**2,667,594**	582,740	**-**	-	**2,667,594**	582,740

19 Operating Segments

Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of corporate identity as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Basis of accounting for purposes of reporting by operating segments

(i) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(ii) Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's-length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/ to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

(iii) Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(iv) Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

19 Operating Segments

(v) Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Derivatives
- Net gains on disposal of available-for-sale investments
- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities
- Intangible assets
- Discontinuing operations
- Retirement benefit obligations

(vi) Comparative information

This is the first reporting period in which AASB 8 has been adopted. Comparative information has been restated to conform to the requirements of the standard.

19 Operating Segments

(a) Segment performance

	Tyre and Plastics Processing		Airline Technology		Other operations		Elimination		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	$	$	$	$	$	$	$	$	$	$
REVENUE										
Revenue - investment	-	-	-	-	1,257	4,626	-	-	1,257	4,626
Total segment revenue	-	-	-	-	1,257	4,626	-	-	1,257	4,626
Total group revenue									$ 1,257	$ 4,626
Segment net profit before tax	(100,000)	-	-	-	(3,514,833)	(383,247)	-	-	(3,614,833)	(383,247)
Net profit before tax from continuing operations									$ (3,614,833)	$ (383,247)

19 Operating Segments

(b) Segment assets

	Tyre and Plastics Processing		Airline Technology		Other operations		Elimination		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	$	$	$	$	$	$	$	$	$	$
Segment assets	$ 3,802,304	$ 2,261,751	$ 4,923,285	$ 5,231,165	$ 5,675,645	$ 7,407,040	$ (8,495,203)	$ (7,565,205)	$ 5,906,031	$ 7,334,751
Segment asset increases for the period:										
Capital expenditure	216,876	1,728,273	-	-	-	-	-	-	216,876	1,728,273
	216,876	1,728,273	-	-	-	-	-	-	216,876	1,728,273

(c) Segment liabilities

Segment liabilities	$ 3,902,004	$ 2,261,551	$ 4,305,440	$ 4,305,440	$ 8,694,587	$ 692,544	$ (10,585,046)	$ (3,027,106)	$ 6,316,985	$ 4,232,429
Total group liabilities	3,902,004	2,261,551	4,305,440	4,305,440	8,694,587	692,544	(10,585,046)	(3,027,106)	6,316,985	4,232,429

	Consolidated		Parent	
	2010	2009	2010	2009
	$	$	$	$

20 Auditors' Remuneration

Remuneration of the auditor of the parent entity for:				
- auditing or reviewing the financial statements	**14,500**	10,000	**14,500**	10,000

21 Controlled Entities

(a) Controlled Entities Consolidated

Name	Country of Incorporation	Percentage Owned (%)* 2010	Percentage Owned (%)* 2009
Parent Entity:			
Nullarbor Holdings Limited	Australia		
Subsidiaries of parent entity:			
Oakturn Pty Limited	Australia	**50**	50
Tyre Collections Pty Limited (formally Nullarbor Explorations Pty Limited)	Australia	**100**	100
Osleach Developments Pty Limited	Australia	**100**	100
NLB Commodities Pty Limited	Australia	**100**	100
Electra Energy Pte Limited	Singapore	**100**	100
Simultech Pte Limited	Singapore	**100**	100

* Percentage of voting power is in proportion to ownership

(b) Acquisitions/Disposals of Controlled Entities

There have been no acquisitions or disposals of controlled entities during the year.

22 Related Party Transactions

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

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Transaction with related parties:				
Consulting fees paid to Kevin Wong Pty Limited, a company controlled by Dr K C W Wong	**9,000**	9,000	**9,000**	9,000
Secretarial and Accounting fees paid to DFK Laurence Varnay, a firm in which Mr C A Grady is a partner	**79,000**	23,000	**44,000**	23,000
Consulting fees paid to Central Pathology Services Pty Limited, a company controlled by Dr C K Wong	**50,000**	100,000	**50,000**	100,000
Consulting fees paid to a private company, which is controlled by Mr P De Prima and Mr J Gordon	**250,000**	-	**-**	-

23 Interests of Key Management Personnel

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2010.

24 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit after Income Tax

(Loss) / Profit for the year	**(3,614,833)**	(383,246)	**(3,521,063)**	(383,246)
Cash flows excluded from profit attributable to operating activities				
Non-cash flows in profit				
- Depreciation	**25,000**	-	-	-
- Impairment of financial assets	**2,839,026**	16,740	**2,839,026**	16,740
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
- (Increase)/decrease in trade and term receivables	**(203,451)**	-	-	-
- (Increase)/decrease in prepayments	-	14,987	-	14,987
- Increase/(decrease) in trade payables and accruals	**426,250**	91,700	**29,487**	151,813
- Increase/(decrease) in provisions	**75,000**	-	-	-
	(453,008)	(259,819)	**(652,550)**	(199,706)

25 Appropriateness of Going Concern Basis

The entity's ability to continue as a going concern is dependent upon two principal matters, namely:

1. Shareholder's approval of a proposal to acquire the remaining 50% equity interest in Oakturn Pty Limited by the issue of 30,000,000 ordinary shares in Nullarbor and the sale of Nullarbor's investment in Simultech Pte Ltd in consideration of satisfaction of the entity's indebtedness to Central Pathology Services Pty Limited (a company controlled by Dr C K Wong, the former Managing Director) of $4,898,305. The proposal also includes approval for the acquisition of freehold land and buildings on which the Oakturn factory was established and the assumption of a debt of $4,595,000 secured on that property.

2. The viability of the Oakturn operation. The tyre processing plant was not operationally complete as at 30 September 2010 and so the viability of the company is not known. If shareholders' approve the proposal on 10 October 2010, then the entity will be reliant on Oakturn for its revenue.

Notice has been given of a general meeting to be held on Sunday 10 October 2010 and, in that notice, directors state their opinion that if the resolutions are not passed the company and Oakturn will be liquidated.

At 30 June 2010, the consolidated accounts of the entity disclose a deficit of working capital of $5,178,483, and net liabilities, or negative equity of $410,952. Approval of the restructuring proposal and elimination of debt will restore a material net asset position.

25 Appropriateness of Going Concern Basis

An independent expert's report dated 7 September 2010 has endorsed the values used in the proposal to shareholders and accepted positive cash flow projections of the Oakturn tyre processing plant .

26 Events After the End of the Reporting Period

The Board has called a General Meeting of shareholders to be held on 10 October 2010 to consider a number of resolutions, namely

1. To approve a share placement which successfully raised $880,000 in working capital for the company.

2. To approve the acquistition of the remaining 50% equity interest in Oakturn Pty Limited, and to approve the issue of 30,000,000 ordinary shares in company in settlement thereof .

3. To approve the Simultech Pte Limited share sale, in consideration of the cancellation of the 9,666,667 convertible notes and the release of the unsecured debt owing by the company to Central Pathology Services Pty Limited (a company controlled by Dr C K Wong, the former managing director of the company).

4. To approve the acquisition of the Smithfield Property where the Oakturn Pty Limited plant is located.

5. To appove the change of company name to Carbon Polymers Limited

At the date of this report, in respect of resolutions 2, 3 and 4 the company has received proxy forms in favour of the resolutions in excess of 50% of the total available shares eligible to vote at the meeting.

As at balance date the Board impaired the investment in Simultech Pte Limited by writing down the investment value by $2,848,702, being the amount determined by the independent experts, Hall Chadwick, in their report sent to shareholders with the notice of meeting. Approval of the resolutions at the October General Meeting will result in a material adjustment to retained earnings of the group during the 2011 income year. The income adjustment will be the full reversal of the impairment provision created as at 30 June 2010, namely $2,848,702.

27 Company Details

The registered office of the company is:

Nullarbor Holdings Limited
Level 7
131 York Street
SYDNEY NSW 2000

28 Superannuation Commitments

The economic entity contributes to various defined contribution superannuation plans for the purpose of superannuation guarantee payments and payments to other superannuation benefits on behalf of employees. benefits provided under the various plans are based on accumulated contributions and earnings for each employee.

29 Net results for the financial year

The net loss of the economic entity was $3,614,833. The extent to which each corporation in the economic entity contributed to that loss is as follows:

	Consolidated		Parent	
	2010	2009	2010	2009
	$	$	$	$

29 Net results for the financial year

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Nullarbor Holdings Limited	**(3,521,063)**	(383,246)	**(3,521,063)**	(383,246)
Tyre Collections Pty Limited	**-**	-	**-**	-
Osleach Developments Pty Limited	**-**	-	**-**	-
Simultech Pte Limited	**-**	-	**-**	-
Electra Energy Pte Limited	**6,230**	-	**-**	-
NLB Commodities Pty Limited	**-**	-	**-**	-
Oakturn Pty Limited	**(100,000)**	-	**-**	-
Total	**(3,614,833)**	(383,246)	**(3,521,063)**	(383,246)

Nullarbor Holdings Limited

ABN 42 000 764 572

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 15 to 55, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards; and

   (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company and consolidated group;

2. The Chief Executive Officer and Chief Financial Officer have each declared that:

   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. 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 with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .... A. D. Howard

Director .... C. A. Grady

Dated 30 September 2010

STIRLING INTERNATIONAL
CHARTERED ACCOUNTANTS

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NULLARBOR HOLDINGS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Nullarbor Holdings Limited (the company) and the consolidated entity, which comprises the balance sheet as at 30 June 2010, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

Independence

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

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NULLARBOR HOLDINGS LIMITED

Qualification

Accounting for Plastics Plant Operations

An ASX announcement on 10 July 2009 noted that the plastics plant purchased by Oakturn Pty Limited (Oakturn) was fully commissioned and producing good quality plastic pellets. The Chairman's address at the 26 November 2009 Annual General Meeting noted that the plastics plant requires constant maintenance and replacement of parts, but it still produces good quality plastic pellets which are saleable.

In preparing the financial report management has not recorded sales, costs of goods sold, other expenses, or inventories in relation to plastics plant operations since commissioning of the plastics plant. Sales of $8,037 and costs associated with plastics plant operations that would normally be included in the Statement of Comprehensive Income or inventories have been included in development costs of $1,735,200 disclosed as intangible assets in the consolidated accounts. In September 2010 management advised that the plastics plant is being overhauled as part of the development process (for rubber tyre recycling operations) and it has produced over 30 tonnes of plastic pellets which is currently on hand.

From the information provided during the audit we are not able to determine whether the consolidated accounts would be materially affected if costs associated with plastics plant operations since commissioning in July 2009 were included in the Statement of Comprehensive Income or inventories on hand, as appropriate, in the financial report.

Qualified Audit Opinion

In our opinion, except for the effect of adjustments that would have been made had costs associated with plastics plant operations since commissioning in July 2009 been included in the Statement of Comprehensive Income or inventories on hand at 30 June 2010, as appropriate, the financial report of Nullarbor Holdings Limited is in accordance with:

a. the *Corporations Act 2001*, including:
   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NULLARBOR HOLDINGS LIMITED

Emphasis of Matter Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As a result of the matters described in note 24 to the financial statements under "Appropriateness of Going Concern Basis", there is significant uncertainty whether Nullarbor Holdings Limited will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Note 24 details proposals to be put before shareholders in October 2010 which, if approved, will increase Nullarbor's interest in the Oakturn tyre processing plant to 100% and achieve the disposal of its interest in Simultech Pte Ltd in consideration of waiver of liabilities totalling $4,898,305. It was further noted that the tyre processing plant was not yet operational.

Nullarbor Holdings Limited has an investment and loan funds totalling $4,860,884 in Simultech Pte Ltd, a Singapore based subsidiary which, in turn, has an investment of US$4.3 million ($4.48 million) in an aviation technology company, representing an equity interest of 16.56%. A draft audit report attached to draft financial statements of Simultech for the year ended 30 June 2010 contained a qualified audit opinion stating "We are unable to obtain sufficient appropriate audit evidence to substantiate that the available for sale financial asset of US$ 4,300,000 at 30 June 2010 is fully recoverable". Nullarbor Holdings Limited has impaired the cost of its investment and loan in Simultech by $2,848,702 at 30 June 2010 following receipt of an independent expert's report which valued the Simultech interest at $2,018,193 based upon the net asset backing of Simultech's investment in the technology company. Simultech has derived no profit since inception and had negative equity approximating $5,700.

Report on the Remuneration Report

We have audited the Remuneration Report included in the report of the directors for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with the Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Nullarbor Holdings Limited for the year ended 30 June 2010, complies with s 300A of the Corporations Act 2001.

Stirling International

Chartered Accountants

Roger Williams

St James Centre 111 Elizabeth St Sydney 2000

30 September 2010

Nullarbor Holdings Limited

ABN 42 000 764 572

Additional Information for Listed Public Companies

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

1. Shareholding

a. Distribution of Shareholders
Category (size of holding)

			Number	Number of Shares
1	-	1,000	364	226,944
1,001	-	5,000	390	919,020
5,001	-	10,000	92	719,747
10,001	-	100,000	155	5,890,555
100,001	-	and over	65	70,152,643
			1,066	77,908,909

b. The number of shareholdings held in less than marketable parcels is 365.

c The names of the substantial shareholders listed in the holding company's register as at 24 September 2010 are:

Shareholder:

	Ordinary
Central Pathology Services Pty Limited, and	36,995,973
Central Pathology Services Pty Limited (Super Fund A/c), and	5,000,000
Saltona Pty Limited, and	753,750
Mrs G Wong, and	900,000
Dr C K Wong	252,852

Shareholder:

Riati Pty Limited	8,660,188

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Nullarbor Holdings Limited

ABN 42 000 764 572

Additional Information for Listed Public Companies

. **20 Largest Shareholders - Ordinary Shares**

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Central Pathology Services Pty Limited	36,995,973	47.49
Riati Pty Limited	8,660,188	11.12
Central Pathology Services Pty Limited (Super Fund A/c)	5,000,000	6.42
CRT Investments Pty Limited	1,920,312	2.46
Moveforward Pty Limited	1,592,015	2.04
Mr E Wong	1,585,353	2.03
Glowberth Pty Limited	1,540,192	1.98
Ms K Lau	1,312,111	1.68
Mr L Wong	1,244,333	1.60
Durius International Limited	988,701	1.27
Mrs G Wong	900,000	1.16
Saltona Pty Limited	753,750	0.97
Mr E Di Grande	616,000	0.85
Ms L Murphy	559,732	0.72
Jim Fulton Investments Pty Limited	500,000	0.64
Ms T Wong	510,000	0.65
Colonial Leisure Group Pty Limited	400,000	0.51
Finico Pty Limited	396,000	0.79
Ms A F Williams	344,463	0.44
Ron Medich Properties Pty Limited (Super Fund A/c)	300,000	0.39
	66,119,123	85.21

2. The name of the company secretaries are Mr C A Grady CA and Ms S Powell CA
3. The address of the principal registered office in Australia is Level 7 131 York Street SYDNEY NSW 2000 .
   Telephone (02) 9264-5400
4. Registers of securities are held at the following addresses

Computershare Registry Services Pty Limited — Level 3, 60 Carrington Street, SYDNEY NSW 1115

5. **Stock Exchange Listing**
   Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.