

## Appendix 4E – Preliminary Final Report

(ASX Listing rule 4.2A)

Company Name:	Consegna Group Limited (the 'Group')
ABN:	12 107 903 159
Reporting Period:	Financial year ended 30 June 2013
Previous Reporting Period:	Financial year ended 30 June 2012

### Results for Announcement to the Market

The results of Consegna Group Limited for the year ended 30 June 2013 are as follows:

Revenues	Down	94%	to	\$300,500
Loss after tax attributable to members	Up	1395%	to	(\$19,559,713)
Net loss for the period attributable to members	Up	1395%	to	(\$19,559,713)

#### Brief explanation of figures reported above

The loss for the Group after income tax for the reporting period was \$19,559,713 (2012: \$1,308,494).

For further details relating to the current period's results, refer to the Review of Operations contained within this document.

#### Dividends

No dividends have been paid or declared by the Group since the beginning of the current reporting period. No dividends were paid for the previous reporting period.

#### Net Tangible Assets

	30 June 2013	30 June 2012
Net Tangible Assets/(Liabilities)	\$776,737	(\$1,742,419)
Shares (No.) *	293,752,461	189,962,321
Net Tangible Assets/(liabilities) – (cents)	0.264	(0.917)

#### Loss per Share \*

	30 June 2013	30 June 2012
Basic loss per share (cents)	8.20	0.89
Diluted loss per share (cents)	8.20	0.89

\* The issued shares in the Company were consolidated on a 1 for 5 basis on 10 April 2013. The post consolidation shares have been used for the purpose of calculating the basic and diluted earnings per share as required by paragraph 64 of AASB 133.

#### Details of entities over which control has been gained or lost during the period

On 17 July 2012 the Group sold Lingual Consegna Pty Ltd, refer to note 6 for further details.

On 28 October 2012 the Group sold Aspen Medisys LLC, refer to note 6 for further details.

#### Status of Audit of Accounts

These accounts are currently in the process of being audited. An Annual Report for the year ended 30 June 2013 containing the Audit Report shall be provided in due course.



**CONSEGNA**  
DELIVERING INNOVATION

ABN 12 107 903 159

# **Appendix 4E**

# **Preliminary Final Report**

For the Year Ended 30 June 2013

In Compliance with ASX Listing Rule 4.3A

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# Review of Operations

The Directors of Consegna Group Limited ('Consegna', 'CGP', or 'the Company' and its controlled entities 'the Group') provide the following Report in relation to the Group for the year ended 30 June 2013.

## Principal Activities

The Group's principal activities in the course of the financial year were research, development and commercialisation of consumer and medical devices. There were no significant changes in the nature of the Group's principal activities during the financial year.

The consolidated loss of the Group after providing for income tax amounted to \$19,559,713 (2012: \$1,308,494).

## Review of Operations

In February 2013 the Company put in place a strategy focused on the systematic de-risking of the Company's assets. The objective was to effect a turnaround of the Company with the outcome being a product ready for commercialisation. We can report that the milestones relating to this objective have been achieved. This year the Company has:

- Focused the business on commercialising the near to market BreatheAssist technology portfolio;
- Put in place a commercialisation program that will deliver revenues from the BreatheAssist technology this calendar year;
- Reviewed the Company's intellectual property position and sought to strengthen the position;
- Reviewed the Company's product portfolio, undertaken consumer trials and provided input into branding, marketing and product development programs;
- Completed a branding exercise that resulted in the creation of the Turbine™ brand targeting the sport and exercise market;
- Undertaken a comprehensive review of the manufacturing arrangements and locked in a highly attractive manufacturing agreement that delivers long term benefits to the Company;
- Developed a launch program that will see the Turbine™ product being sold on line in the second half of 2013;
- Restructured the company's capital on a 5 to 1 basis;
- Undertaken a Share Purchase Plan and Option Rights issue which allowed existing shareholders to reposition themselves in the stock.

This has been achieved with a tightened control over the cash expenditure, as shown in the following analysis of Net cash used in operations shown in the Statement of Cash Flows over the four half's to 30 June 2013:

	<i>Financial Year 2013</i>	<i>Financial Year 2012</i>
July to December	\$1.36m	\$1.55m
January to June	\$0.34m	\$1.38m
<b>Net cash used in operating activities</b>	<b>\$1.70m</b>	<b>\$2.93m</b>

### **A new direction**

There is no question that the first half of this financial year was suboptimal for the Company. The first half of the year saw the Company:

- Fail to secure the early stage global licensing deal for the BreatheAssist asset;
- Experience a significant overrun in expenses throughout the period (travel and accommodation in particular);
- Record significant decrease in the value of the Company's 29% holding in Imugene Limited (ASX:IMU);
- Dispose of Aspen Medisys LLC following an evaluation of the commercialisation requirements and IP position, recording a \$5.4M loss.

The significant decline in the value of the Company and poor fiscal management created an untenable situation. Change was required and took place at a board and management level in January 2013 to prevent further erosion of shareholder value.

Following this process, new management introduced a more prudent approach to commercialisation of the Company's assets which reflects a more fiscally conservative, focused and lean start up approach to realising the value of the intellectual property portfolio. The Company's new strategy is clear:

- Commercialise the existing BreatheAssist technology in consumer markets

## Review of Operations *(Continued)*

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- Clearly demonstrate that these markets provide the basis for long term growth;
- Continue to build and strengthen the technology platform in the medical and healthcare markets;
- Optimise the commercialisation of these opportunities by leveraging the established positions in the consumer markets;
- Clearly demonstrate the strategic value of the portfolio to prospective partners.

### ***BreatheAssist***

The Company is focused on realising the value that exists in the BreatheAssist portfolio this calendar year. The technology will be launched initially in November 2013 in the sport and exercise market. This market is an early adopter of performance technology and the Turbine™ has been designed to resonate strongly with these consumers. Our entry point is the online Australian sport and exercise market, however we expect to see significant longer term growth from the global cycling, triathlete, running and aerobic sports markets. Our confidence in this strategy is based on the compelling proposition (38% more airflow), the strong indicative demand from participants in the Company's recently conducted user research trial and the strong growth rates in these markets.

The Company will leverage this entry position in sport and exercise through the development of the sleep program and the launch of the snoring product in 2014 and the further development of its drug delivery program. Access into these high value medical and health markets provides the Company with significant opportunities.

### ***Vibroevin***

Following a review of the core assumptions driving the valuation of the intellectual property and market opportunity for Vibroevin, the Company recognised impairment in the value of the Vibroevin intellectual property of \$10m. The Company remains committed to the commercialisation of the Vibroevin technology and will continue to assess the opportunities and whether a viable commercial outcome for shareholders can be achieved.

### ***Operating Result***

The Group reported a loss of \$19.6M for the year ended 30 June 2013. Key drivers of the result were the significant write down in the value of the Vibroevin technology (\$10m), loss in the value of the Company's holding in Imugene Limited (\$1m) and the recognition of the hand back of the Aspen Medisys technology (\$5.4m).

### ***Capital Raising***

Capital raisings over the 12-month period raised \$1.98M.

Your Board is increasingly confident that the strategies put in place will deliver a positive outcome for all shareholders. Our mission, to demonstrate that the technology has the potential to deliver strong revenues lines, while also clearly showing the long term strategic value to larger partners, remains in place. The Company is on track to book revenues this calendar year and will continue to bring to market compelling high value solutions in the sleep, wellbeing and drug delivery markets.

We thank all shareholders for their strong support and patience over this difficult period. The Company is now well positioned to take full advantage of some exciting opportunities in 2014.

For and on behalf of the Company;



**Michael Johnson**  
Chief Executive Officer (CEO)  
Consegna Group Limited

On this day the 28<sup>th</sup> August 2013

# Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2013

	Note	Consolidated	
		30-Jun-13	30-Jun-12
		\$ AUD	\$ AUD
<b>Continuing Operations</b>			
<b>Income</b>			
Other income	3	291,989	37,500
Financial income	3	8,511	39,508
Discount on acquisition due to bargain purchase	3	-	5,438,740
<b>Expenses</b>			
Employee benefits expense		(429,500)	(285,885)
Depreciation and amortisation		(7,430)	(15,172)
Accounting, secretarial and taxation services		(370,541)	(258,029)
Travel and accommodation		(134,665)	(605,424)
Consulting fees		(770,560)	(2,229,831)
Directors' fees		(263,335)	(266,494)
Insurances		(42,779)	(23,722)
Regulatory expenses		(30,386)	(87,713)
Legal expenses		(237,755)	(212,556)
Development costs		(119,511)	(90,523)
Impairment of intangibles	5	(10,093,525)	-
Diminution in value of investment	7	(1,027,500)	-
Loss on disposal of assets		(34,536)	-
Other expenses		(205,767)	(575,224)
Marketing and promotion expenses		(208,166)	-
Share based payments	11	(1,745,660)	(1,520,000)
Finance costs		(212,482)	(166,575)
<b>Loss before income tax from continuing operations</b>		<b>(15,633,598)</b>	<b>(821,400)</b>
Income tax benefit		666,535	59,276
<b>Loss after income tax from continuing operations</b>		<b>(14,967,063)</b>	<b>(762,124)</b>
<b>Discontinued Operations</b>			
Gain on sale of controlled entity	6	926,632	-
Net loss from discontinued operations	6	(50,748)	(546,370)
Write off loan to controlled entity on disposal	6	(46,828)	-
Loss on disposal of controlled entity	6	(5,421,706)	-
<b>Loss after income tax from discontinued operations</b>		<b>(4,592,650)</b>	<b>(546,370)</b>
<b>Loss after income tax for the year</b>		<b>(19,559,713)</b>	<b>(1,308,494)</b>
Loss attributable to non-controlling interest		-	(7,201)
Loss attributable to owners of the parent entity		(19,559,713)	(1,301,293)
Basic loss per share (cents per share)	12	8.20	0.89
Diluted loss per share (cents per share)	12	8.20	0.89

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

As at 30 June 2013

	Note	Consolidated	
		30-Jun-13	30-Jun-12
		\$ AUD	\$ AUD
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		323,149	446,113
Trade and other receivables		606,702	74,949
Inventories		-	2,628
Non-current assets classified as held for sale	6	-	2,859,592
Other		172,062	100,557
<b>Total Current Assets</b>		<b>1,101,912</b>	<b>3,483,839</b>
<b>Non-Current Assets</b>			
Other financial assets	7	410,000	37,500
Property, plant and equipment		26,696	206,954
Intangible assets	5	4,898,958	22,143,968
<b>Total Non-Current Assets</b>		<b>5,335,654</b>	<b>22,388,422</b>
<b>TOTAL ASSETS</b>		<b>6,437,566</b>	<b>25,872,261</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		534,461	990,304
Employee benefits		-	22,148
Deferred purchase consideration	6	-	1,835,862
Liabilities directly associated with non-current assets classified as held for sale	6	-	2,386,241
Borrowings	8	227,410	45,266
<b>Total Current Liabilities</b>		<b>761,871</b>	<b>5,279,821</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities		-	190,891
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>190,891</b>
<b>TOTAL LIABILITIES</b>		<b>761,871</b>	<b>5,470,712</b>
<b>NET ASSETS</b>		<b>5,675,694</b>	<b>20,401,549</b>
<b>EQUITY</b>			
Issued capital	9	33,732,078	31,815,310
Reserves	10	4,750,874	1,833,783
Minority Interest Acquisition Reserve		(6,158,688)	(6,158,688)
Accumulated Losses		(26,648,571)	(7,088,857)
<b>TOTAL EQUITY</b>		<b>5,675,694</b>	<b>20,401,549</b>

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2013

	Issued Capital	Option Reserve	Reserves NCI	Accumulated Losses	Non Controlling Interests	Total
	\$	\$	\$	\$	\$	\$
<b>Balance as at 30 June 2011</b>	<b>19,058,343</b>	<b>313,783</b>	-	<b>(5,787,564)</b>	<b>1,660,514</b>	<b>15,245,076</b>
<b>Total comprehensive income/(loss) for the year:</b>	-	-	-	<b>(1,301,293)</b>	<b>(7,201)</b>	<b>(1,308,494)</b>
<i>Transactions with Equity holders in their capacity as equity holders:</i>						
De-recognise non-controlling interests purchase of 19% of LEI	-	-	1,653,313	-	(1,653,313)	-
Issue of shares on exercise with non-controlling interests	-	-	(7,812,000)	-	-	(7,812,000)
Shares issued net of issue costs	12,756,967	-	-	-	-	12,756,967
Options issued	-	1,520,000	-	-	-	1,520,000
<b>Balance at 30 June 2012</b>	<b>31,815,310</b>	<b>1,833,783</b>	<b>(6,158,688)</b>	<b>(7,088,857)</b>	-	<b>20,401,549</b>
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	<b>(19,559,713)</b>	-	<b>(19,559,713)</b>
<i>Transactions with Equity holders in their capacity as equity holders:</i>						
Shares issued net of issue costs	1,916,768	-	-	-	-	1,916,768
Options issued	-	2,917,091	-	-	-	2,917,091
<b>Balance at 30 June 2013</b>	<b>33,732,078</b>	<b>4,750,874</b>	<b>(6,158,688)</b>	<b>(26,648,570)</b>	-	<b>5,675,694</b>

The accompanying notes form part of these financial statements.

# Consolidated Statement of Cash Flows

For the Year Ended 30 June 2013

	Consolidated	
	30-Jun-13	30-Jun-12
	\$ AUD	\$ AUD
<b><i>Cash flows from operating activities</i></b>		
Receipts from customers	201,017	-
Payments to suppliers and employees	(2,129,827)	(2,983,513)
Interest received	7,108	39,509
Interest and other costs of finance paid	(30,930)	(47,981)
Receipt of R&D tax refund	151,718	59,276
Other grants received	97,266	-
<b>Net cash flows used in operating activities</b>	<b>(1,703,648)</b>	<b>(2,932,709)</b>
<b><i>Cash flows related to investing activities</i></b>		
Proceeds from sale of plant and equipment	742	-
Payment for purchases of plant and equipment	-	(118,693)
Loans to unrelated entities	-	(223,921)
Acquisition of subsidiary, net of cash acquired	-	3,920
Purchase of intellectual property	-	(400,680)
<b>Net cash flows used in investing activities</b>	<b>742</b>	<b>(739,374)</b>
<b><i>Cash flows related to financing activities</i></b>		
Proceeds from issues of equity securities	1,997,940	3,586,000
Capital raising costs	(167,997)	(336,942)
Repayment of borrowings	(250,000)	(92,365)
<b>Net cash flows from financing activities</b>	<b>1,579,943</b>	<b>3,156,693</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(122,963)</b>	<b>(515,390)</b>
Cash and cash equivalents at the beginning of the year	446,112	961,503
<b>Cash and cash equivalents at the end of the year</b>	<b>323,149</b>	<b>446,113</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## Note 1 - Statement of Significant Accounting Policies

### Corporate Information

This Preliminary Financial Report covers the entity of Consegna Group Limited and its controlled entities. The Group's principal activities are research, development and commercialisation of consumer and medical devices with a focus on nasal respiratory and breathing management.

The Group's Preliminary Financial Report does not include all the notes of the type normally included in an Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

This Preliminary Financial Report has been prepared in accordance with the recognition and measurement requirements, but not all the disclosure requirements, of Australian Accounting Standards and Interpretations and the Corporations Act 2001. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards.

Significant accounting policies adopted in preparation of the preliminary financial report are consistent with those adopted by the company in preparation of the 30 June 2012 financial report and the 31 December 2012 half year financial report.

The Preliminary Final Report has been prepared on an accruals basis and is based on historical costs, except for the revaluation of certain non-current assets and financial instruments. Cost is based on fair values of the consideration given in exchange for assets.

The preliminary financial report is presented in Australian dollars.

## Note 2 - Dividends

The Company has resolved not to declare any dividends for the financial year ended 30 June 2013.

## Note 3 - Revenue

	Consolidated	
	30-Jun-13	30-Jun-12
	\$ AUD	\$ AUD

<b>Revenue</b>		
Discount on acquisition due to bargain purchase	-	5,438,740
<b>Other Income</b>		
Interest Received	8,511	39,508
Other	291,989	37,500
<b>Total Other Income</b>	<b>300,500</b>	<b>77,008</b>
<b>Total Revenue</b>	<b>300,500</b>	<b>5,515,748</b>

## Note 4 - Segment Information

The Group continues to operate in one segment, being research, development and commercialisation of consumer and medical devices. The segment details are therefore fully reflected in the body of the financial report.

# Notes to the Financial Statements *(continued)*

## Note 5 - Intangible Assets

	Consolidated	
	30-Jun-13	30-Jun-12
	\$ AUD	\$ AUD
<b>Goodwill</b>		
At cost	1,565,004	4,951,995
<b>Net carrying value</b>	<b>1,565,004</b>	<b>4,951,995</b>
<b>Development</b>		
At cost	260,694	350,680
Less accumulated amortisation	-	-
<b>Net carrying value</b>	<b>260,694</b>	<b>350,680</b>
<b>Intellectual Property</b>		
At cost	3,073,260	16,841,293
Less accumulated amortisation	-	-
<b>Net carrying value</b>	<b>3,073,260</b>	<b>16,841,293</b>
<b>Total Intangible Assets</b>	<b>4,898,858</b>	<b>22,143,968</b>

### Reconciliations:

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill	Development	Intellectual Property	Total
	\$	\$	\$	\$
<b>Consolidated</b>				
Balance at 1 July 2011	4,951,996	-	9,566,217	<b>14,518,213</b>
Additions – internal development	-	350,680		<b>350,680</b>
Additions by acquisition (Linguet)	-	-	2,859,591	<b>2,859,591</b>
Reclassified to disposal assets	-	-	(2,859,591)	<b>(2,859,591)</b>
Acquisitions by business combination (Aspen Medisys)	-	-	7,275,076	<b>7,275,076</b>
<b>Balance at 30 June 2012</b>	<b>4,951,996</b>	<b>350,680</b>	<b>16,841,293</b>	<b>22,143,968</b>
Additions – internal development	-	123,590		<b>123,590</b>
Disposal of Aspen Medisys	-		(7,275,076)	<b>(7,275,076)</b>
Impairment of assets	(3,386,992)	(213,576)	(6,492,957)	<b>(10,093,525)</b>
<b>Balance at 30 June 2013</b>	<b>1,565,004</b>	<b>260,694</b>	<b>3,073,260</b>	<b>4,898,958</b>

## Note 6 - Assets and Liabilities Classified as held for sale / Discontinued operations

### (a) Lingual Consegna Pty Ltd

As announced to the ASX on 1 May 2012, the Company agreed to sell its shareholding in Lingual Consegna Pty Ltd ("Lingual") to Imugene Limited ("IMU") in consideration of 100 million shares in IMU. The transaction was subsequently settled on 17 July 2012. Financial information relating to Lingual is set out below. The financial performance of the discontinued operations, which has been included in the loss per the statement of comprehensive income, is as follows:

	Consolidated	
	30-Jun-13	30-Jun-12
	\$ AUD	\$ AUD
Revenue	-	-
Expense	-	(546,370)
<b>Loss</b>	<b>-</b>	<b>(546,370)</b>
Loss attributable to members of parent entity	-	(546,370)

The assets and liabilities of Lingual, which have been classified as disposal assets and related liabilities are as follows:

#### ASSETS

Intangibles – Intellectual Property	-	2,859,591
Cash and short-term deposits	-	1
	<b>-</b>	<b>2,859,592</b>

#### LIABILITIES

Royalty Payable	-	2,386,241
	<b>-</b>	<b>2,386,241</b>
<b>Net assets classified as held for sale</b>	<b>-</b>	<b>473,351</b>

#### Gain on Sale of Controlled Entity

A gain on sale of controlled entity was realised, calculated as follows:

Proceeds on sale of Lingual Consegna Pty Ltd to Imugene Ltd being 100,000,000 fully paid ordinary shares in Imugene Limited at \$0.014 per share (Imugene share price at 17 July 2012)	1,400,000	-
Carry value of investment in Lingual Consegna Pty Ltd.	(1,019,737)	-
Lingual Accumulated Losses	546,369	-
<b>Gain on Sale of Controlled Entity</b>	<b>926,632</b>	<b>-</b>
Gain attributable to members of parent entity	926,632	-

## Notes to the Financial Statements *(continued)*

### (b) Aspen Medisys LLC

As announced to the ASX on 1 November 2012, the Company exercised its option to have the vendor of Aspen Medisys LLC ('Aspen') purchase Aspen back for a consideration of \$1.00. Financial information relating to Aspen is set out below. The financial performance of the discontinued operation, which has been included in the loss per the statement of comprehensive income, is as follows:

	Consolidated	
	30-Jun-13	30-Jun-12
	\$ AUD	\$ AUD
Revenue	-	-
Expense	(50,748)	-
<b>Loss</b>	<b>(50,748)</b>	-
Loss attributable to members of parent entity	(50,748)	-

#### Write off loan to controlled entity on disposal

Due to the exercise of this option a loan from the Company to Aspen in the amount of \$46,828 was written off.

#### Loss on disposal of controlled entity

Due to the exercise of this option a loss on disposal of a controlled entity was realised, calculated as follows:

Sale Price	1	-
Write-back of Deferred Purchase Consideration	1,885,753	-
Write-off of Intellectual Property	(7,275,076)	-
Property, Plant & Equipment	(83,132)	-
Aspen Accumulated Losses	50,748	-
<b>Loss on Disposal of Controlled Entity</b>	<b>(5,421,706)</b>	-
Loss attributable to members of parent entity	(5,421,706)	-

## Note 7 - Diminution in Value of Investments

### Imugene Limited

As announced to the ASX on 1 May 2012, the Company agreed to sell its shareholding in Lingual Consegna Pty Ltd ("Lingual") to Imugene Limited ("IMU") in consideration of 100 million shares in IMU. The transaction was subsequently settled on 17 July 2012.

The cost of the Company's investment in Imugene Limited ("IMU") was 100,000,000 fully paid ordinary shares in Imugene Limited at \$0.014 per share (IMU share price at 17 July 2012) being \$1,400,000.

IMU's share price at 30 June 2013 was \$0.004 resulting in a diminution in value of the investment of \$1,000,000 and a carrying value of this investment of \$400,000 at period end.

### Laconia Resources Limited

The Group also recorded a diminution in the value of the investment in Laconia Resources Limited ("LCR") of \$27,500 in the current period.

# Notes to the Financial Statements *(continued)*

## Note 8 - Borrowings

	Consolidated	
	30-Jun-13	30-Jun-12
	\$ AUD	\$ AUD
Lind Partners Convertible Security	175,000	-
Other Interest Bearing Liabilities	52,407	45,266
<b>Total borrowings</b>	<b>227,407</b>	<b>45,266</b>

On 13 July 2012, the Company executed a Share Purchase and Convertible Security Agreement (“Agreement”) with the Australian Special Opportunity Fund, LP, which is managed by the Lind Partners, LLC (together, “Lind”) a New York based alternative asset management company. The Agreement provides Consegna with a funding facility as follows:

- The issue of ordinary shares of Consegna of up to \$5,275,000 with monthly drawdowns over 24 months, at a minimum rate of \$75,000 per month. The price at which shares will be issued is 90% of the average of the 3 consecutive daily Volume Weighted Average Prices (“VWAPs”) during a specific period prior to the issuance of shares. (The Company may elect not to issue shares if the issue price would be less than an agreed floor price).
- Consegna has issued an unsecured convertible security to Lind with a face value of \$400,000 and a term of 24 months at a zero % interest rate. The conversion price at which shares will be issued under the convertible security is 90% of the average of the 3 consecutive daily VWAPs during a specific period prior to the issuance of shares. The face value of this convertible security was reduced by \$225,000 to \$175,000 during the year with partial conversions as follows:
  - 19 September 2012 – \$50,000 representing 5,000,000 shares (pre-consolidation) at \$0.01
  - 31 January 2013 - \$75,000 representing 37,500,000 shares (pre-consolidation) at \$0.002
  - 28 June 2013 - \$100,000 representing 7,142,857 (post-consolidation) shares at \$0.014

Subsequent to the end of the financial year, on 8 July 2013, the convertible security was reduced to \$nil with the conversion of \$175,000 representing 12,500,000 (post-consolidation) shares @ \$0.01.

- Lind has been granted 10,000,000 options exercisable at \$0.0236 which is 120% of the VWAP per share for the 20 consecutive trading days immediately prior to the date of the execution of the Agreement. These options are valued at \$173,600 as per the Black Scholes valuation method and were accounted for as an equity settled share based payment.

## Note 9 - Issued Capital

	30-Jun-13		30-Jun-12	
	No.	\$ AUD	No.	\$ AUD
<u>Fully Paid Ordinary Shares</u>				
Balance at beginning of year	949,811,605	31,815,310	502,191,134	19,058,343
Share issued during the year prior to 1:5 consolidation	481,235,950	2,863,004	447,620,471	13,093,909
Balance prior to 1:5 consolidation	1,431,047,555			
Balance post 1:5 consolidation	286,209,604			
Share issued during the year post consolidation	7,542,857	112,000		
Transaction costs relating to share issues		(1,058,236)		(336,942)
<b>Total Issued Capital</b>	<b>293,752,461</b>	<b>33,732,078</b>	<b>949,811,605</b>	<b>31,815,310</b>

# Notes to the Financial Statements *(continued)*

## Note 10 - Reserves

	Consolidated	
	30-Jun-13	30-Jun-12
	\$ AUD	\$ AUD
Option Reserve	4,750,574	1,833,783
Non-Controlling Interest Reserve	(6,158,687)	(6,158,687)
	<b>(1,407,813)</b>	<b>(4,324,904)</b>

	Option	NCI	Total
	Reserve	Reserve	
	\$ AUD	\$ AUD	
<b>Balance at 1 July 2011</b>	<b>313,783</b>		<b>313,783</b>
Share based payments	1,520,000		1,520,000
Transaction with Non-controlling Interest		(6,158,687)	(6,158,687)
<b>Balance at 30 June 2012</b>	<b>1,833,783</b>	<b>(6,158,687)</b>	<b>(4,324,904)</b>
Share based payments	2,536,891		2,536,891
Options Issued	380,200		380,200
<b>Balance at 30 June 2013</b>	<b>4,750,874</b>	<b>(6,158,687)</b>	<b>(1,407,813)</b>

## Note 11 – Share Based Payments

- (a) On 13 July 2012, 10,000,000 unlisted share options were granted to The Australian Special Opportunity Fund, LP as a commencement fee for the Lind Partners Funding Agreement. The options are exercisable at \$0.0236 each on or before 17 July 2015. The options hold no voting or dividend rights and are not transferrable.

The fair value of these options was \$0.01736. These values were calculated using a binomial probability option pricing applying the following inputs:

Exercise price:	\$0.0236
Life of the option:	3 years
Expected share price volatility	113.4%
Risk-free interest rate	2.21%

Historical Volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements. The life of the options is based on historical exercise patterns, which may not eventuate in the future. Included under Finance costs in the Statement of Comprehensive Income is \$173,600 which relates to equity-settled share-based payment transactions.

- (b) On 20 July 2012, 20,000,000 unlisted share options were granted to Exertus Capital Pty Ltd as a corporate services fee. The options are exercisable at \$0.030 on or before 28 February 2015. The options hold no voting or dividend rights and are not transferrable.

The fair value of these options was \$0.001159. These values were calculated using a binomial probability option pricing model applying the following inputs:

Exercise price:	\$0.030
Life of the option:	2.6 years
Expected share price volatility	114.2%
Risk-free interest rate	2.29%

## Notes to the Financial Statements *(continued)*

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Historical Volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements. The life of the options is based on historical exercise patterns, which may not eventuate in the future. Included under Capital Raising Costs in the Statement of Changes in Equity is \$231,800 which relates to equity-settled share-based payment transactions.

- (c) On 3 April 2013, 90,000,000 unlisted share options were granted to Directors and consultants following shareholders' approval. The options are exercisable at \$0.060 on or before 30 April 2017. The options hold no voting or dividend rights and are not transferrable.

The fair value of these options was \$0.02359. These values were calculated using a binomial probability option pricing model applying the following inputs:

Exercise price:	\$0.060
Life of the option:	4.14 years
Expected share price volatility	110%
Risk-free interest rate	2.88%

Historical Volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements. The life of the options is based on historical exercise patterns, which may not eventuate in the future. Included under Capital Raising Costs in the Statement of Changes in Equity is \$377,400 which relates to equity-settled share-based payment transactions. A further \$1,745,700 is included in the Statement of Profit or Loss as Share Based Payments representing payments to Directors and consultants.

- (d) On 3 April 2013, 3,980,750 unlisted share options were granted to Golden Five Limited for payment of promotional fees. The options are exercisable at \$0.20 on or before 11 May 2015. The options hold no voting or dividend rights and are not transferrable.

The fair value of these options was \$0.01054. These values were calculated using a binomial probability option pricing model applying the following inputs:

Exercise price:	\$0.20
Life of the option:	2.14 years
Expected share price volatility	123%
Risk-free interest rate	2.84%

Historical Volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements. The life of the options is based on historical exercise patterns, which may not eventuate in the future. Included under promotional fees in the Statement of Profit or Loss is \$8,391 which relates to equity-settled share-based payment transactions.

## Notes to the Financial Statements *(continued)*

### Note 12 - Loss per Share

	30-Jun-13	30-Jun-12
Basic loss per share (cents)	8.20	0.89
Diluted loss per share (cents)	8.20	0.89
(a) Net loss used in the calculation of basic and diluted loss per share	(19,559,713)	(1,308,494)
(b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share*	238,601,459	147,131,447

\*Following shareholder approval on 28 March 2013, the Company consolidated its share capital on a 5:1 basis on 10 April 2013. The post consolidation shares have been used for the purpose of calculating the basic and diluted earnings per share as required by paragraph 64 of AASB 133.

### Note 13 - Net Tangible Assets

	30-Jun-13	30-Jun-12
Net Tangible Assets / (Liabilities)	\$776,737	(\$1,742,419)
Shares (No.) *	293,752,461	189,962,321
Net Tangible Assets / (liabilities) (Cents)	0.264	(0.917)

\*Following shareholder approval on 28 March 2013, the Company consolidated its share capital on a 5:1 basis on 10 April 2013. The post consolidation shares have been used for the purpose of calculating Net Tangible Assets/ (Liabilities).

### Note 14 - Events Subsequent to Balance Date

On 8 July 2013, the convertible security under the funding facility with the Australian Special Opportunity Fund, LP which is managed by Lind Partners, LLC was reduced to \$nil with the conversion of \$175,000 representing 12,500,000 (post-consolidation) shares @ \$0.01.

On 10 July 2013, the Company received a \$517,205 R&D Tax Incentive cash rebate for the 2012 financial year.

On 21 August 2013 the Company announced the completion of a private placement of 25,000,000 shares at \$0.04 per share raising \$1,000,000 before costs. In addition, and subject to shareholder approval at the Company's 2013 Annual General Meeting, the Company will issue one free attaching option for each four shares subscribed for under the placement. The options will have an exercise price of \$0.06 and an expiry date of 30 April 2017.

There were no other events subsequent to reporting date.

### Note 15 - Audit

These accounts are currently in the process of being audited. An Annual Report for the year ended 30 June 2013 containing the Audit Report shall be provided in due course.

# Corporate Directory

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## AUSTRALIAN COMPANY NUMBER (ACN)

12 107 903 159

Consegna Group Limited is a Public Company Limited by shares and is domiciled in Australia.

## DIRECTORS

Mr Martin Rogers  
Lord Simon Reading  
Mr Michael Johnson

Independent Non-Executive Chairman  
Independent Non-Executive Director  
Executive Director and CEO

## COMPANY SECRETARIES

Mr Phillip Hains  
Mr Justyn Stedwell

## PRINCIPAL PLACE OF BUSINESS

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

## REGISTERED OFFICE

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

## SHARE REGISTRY

Security Transfer Registrars  
PO Box 535  
Applecross, WA, 6953  
Australia  
Telephone: + 61 (0) 8 9315 2233  
Email: registrar@securitytransfer.com.au

## BANKERS

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

## AUDITORS

HLB Mann Judd  
Level 9, 575 Bourke Street  
Melbourne, Victoria, 3000  
Australia

## WEBSITE

[www.consegna.com](http://www.consegna.com)

## SECURITIES QUOTED

### Australian Securities Exchange

- Ordinary Fully Paid Shares (Code: CGP)
- Listed Options over Ordinary Fully Paid Shares (Code: CGPO) exercisable at \$0.125 per option on or before 31 December 2014
- Listed Options over Ordinary Fully Paid Shares (Code: CGPOA) exercisable at \$0.06 per option on or before 30 April 2017