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Carbon Conscious Limited ABN 20 129 035 221

26 February 2010

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

**ANNOUNCEMENT NUMBER 66**

**Via: ASX Online**

**Number of Pages: 22** (including this page)

**ASX Code: CCF**

Dear Sir,

**ASX Announcement No 66 – Half Year Report for the Period ending 31 December 2009 (Appendix 4D)**

Please find attached the Half Year Report for the activities of Carbon Conscious Limited for the period ending 31 December 2009 as required under ASX Listing Rule 4.2A.3.

Yours sincerely

**Tim Jones**  
Company Secretary

encl.

# **CARBON CONSCIOUS LIMITED**

ABN 20 129 035 221

Half Year Report

Period Ending 31 December 2009

Appendix 4D

Lodged with the ASX under Listing Rule 4.2A.3

**Details of Reporting Period**

Reporting period is from 1 July 2009 through to 31 December 2009.

**Results for Announcement to the Market**

		<b>2009 \$'000</b>	<b>2008 \$'000</b>
Revenue from ordinary activities	Up 660%	1,489	196
Profit (Loss) before income tax	Down 6%	(1,024)	(1,087)
Profit (Loss) after tax attributable to members	Down 6%	(1,024)	(1,087)

The Company continued operations in the observed period and focused its activities on establishing and servicing major client accounts and increasing revenue.

The results for the period reflect the expenses incurred in the establishment of the business, land purchases, the employment of staff and ongoing administration costs.

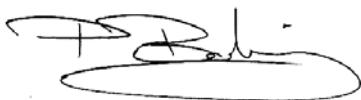
**Dividends**

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

**Net Tangible Asset per Security**

Net tangible asset per ordinary share is \$0.09 as at 31 December 2009 (at 31 December 2008 \$0.14).

The results should be read in conjunction with the Interim Financial reports for the period lodged with the ASX on 26 February 2010.



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**Peter Balsarini**  
**Chief Executive Officer**

Date: 26 February 2010



# carbonconscious

ABN 20 129 035 221

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Interim Financial Report  
For the Half Year Ended 31 December 2009

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**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**  
**& Controlled Entities**

**INTERIM FINANCIAL REPORT**  
**For the Half-Year Ended 31 December 2009**

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**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**  
**& Controlled Entities**

**COMPANY DIRECTORY**

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**Directors**

MATTHEW BIRNEY, Non-Executive Chairman  
PETER BALSARINI, Chief Executive Officer  
NADAISAN LOGARAJ, Non-Executive Director  
STEPHEN LOWE, Non-Executive Director  
MICHAEL SHIELDS, Non-Executive Director  
ANDREW MCBAIN, Non-Executive Director

**Company secretary**

TIMOTHY JONES

**Registered office**

LEVEL 1, 1 OUTRIDGE CRESCENT, SUBIACO WA 6008

**Principal place of business**

LEVEL 1, 1 OUTRIDGE CRESCENT, SUBIACO WA 6008

**Share register**

ADVANCED SHARE REGISTRY SERVICES  
150 STIRLING HIGHWAY, NEDLANDS WA 6009

**Solicitors**

PRICE SIERAKOWSKI  
LEVEL 24, 44 ST GEORGES TERRACE, PERTH WA 6000

**Bankers**

NATIONAL AUSTRALIA BANK  
150 ST GEORGES TERRACE, PERTH WA 6000

**Auditors**

HLB MANN JUDD  
LEVEL 4, 130 STIRLING STREET, PERTH WA 6000

**STOCK EXCHANGE LISTING**

AUSTRALIAN STOCK EXCHANGE  
(Home Exchange: Perth, Western Australia)  
CODE: CCF

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**  
**& Controlled Entities**

**INTERIM FINANCIAL REPORT**

**DIRECTORS' REPORT**

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Your directors submit the financial report of the Consolidated Entity for the half-year ended 31 December 2009.

**DIRECTORS**

The names of Directors who held office during or since the end of the period and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Matthew Birney	Non-Executive Chairman
Peter Balsarini	Chief Executive Officer
Nadaisan Logaraj	Non-Executive Director
Stephen Lowe	Non-Executive Director
Michael Shields	Non-Executive Director
Andrew McBain	Non-Executive Director (appointed 28 August 2009)

**Company Secretary**

Timothy Jones was appointed as Company Secretary on 1 December 2009 following the resignation of Geraldine Holland.

**REVIEW OF OPERATIONS**

The half year ended December 31 2009 has been a very rewarding period for your Company.

During this period Carbon Conscious continued to develop its business model of producing carbon credits through carbon farming – the planting of Mallee Eucalypt trees in Australia’s wheatbelt region.

Having listed the business on a “pre revenue” basis the half year saw the Company finalise two significant contracts with strong counter parties. These contracts relate to the 2009 and 2010 planting seasons and beyond and provide a base level of planting and management fees to the Company. Notably the cash position of the Company improved substantially from June 2009 to December 2009 mainly due to revenue received from these contractual arrangements.

The Company is preparing for a planting of approximately 6 million trees in the 2010 planting season and continues to develop its systems and procedures. The Company’s business model will benefit greatly from additional certainty around the pricing of carbon through government legislative activity. In December 2009 the Australian Senate again rejected the Labour Government’s legislation on the Carbon Pollution Reduction Scheme (CPRS). This legislation will require emitters of carbon to buy permits for their carbon liability and as such would create a mandatory market for the Company’s output. Whilst efforts continued to be made by the Government to pass the legislation the Directors note that the political outcome of such an arrangement remains uncertain.

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**  
**& Controlled Entities**

**INTERIM FINANCIAL REPORT**

**DIRECTORS' REPORT**

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The highlights from the half year can be summarized as follows:

**HIGHLIGHTS FOR THE FINANCIAL PERIOD**

**Carbon Conscious Contracts with BP and Origin to Plant and Manage Carbon Sinks**

- During the financial period Carbon Conscious announced significant contracts with both Origin Energy and BP.
- On 16 July 2009 the Company announced the completion of an Agreement with Origin Energy for a large scale native Mallee Eucalypt tree planting in the wheat belt area of Australia. This announcement was confirmation of the announcement of 7 May 2009 in relation to agreement of commercial terms.
- The agreement involves Origin paying Carbon Conscious to plant millions of native Mallee Eucalypt trees on less viable agricultural land in the wheatbelt regions of Australia for the production of Carbon Permits tradable under the Commonwealth Government's Carbon Pollution Reduction Scheme ("CPRS").
- Origin has engaged Carbon Conscious to establish environmental carbon offset plantings over the first 3 seasons (2009, 2010 and 2011). These plantings will have a face value of approximately \$26 million and comprise both upfront planting and ongoing licence and management fees payable over the 15-year term of the arrangement.
- In addition, Carbon Conscious will provide options for Origin to take up further environmental plantings between 2010 and 2014. The face value of these additional plantings is up to \$143 million and would be paid in a combination of upfront planting and ongoing licence and management fees.
- If the options are exercised by Origin in full, the deal would represent what the parties believe will be the largest carbon forest sink development program in Australia to date with a value of up to \$169 million to be paid over the 15-year life of the project.
- On 14 October 2009 Carbon Conscious Limited and BP signed contracts for a large scale Australian bio sequestration project involving the planting of up to 10 million trees to absorb carbon from the atmosphere. The contract involves BP paying Carbon Conscious to create large scale commercial plantings of Mallee Eucalypt trees on less viable agricultural land in the wheatbelt regions of Australia.
- BP has engaged Carbon Conscious to establish plantings in 2010, with an investment of over A\$2.5 million, plus ongoing licensing fees. In return, both companies will share in the value of the resulting carbon offsets over a 15-year period.
- In addition, BP has acquired the option to invest further funds with Carbon Conscious for plantings in 2011 and 2012, once regulatory certainty surrounding the CPRS has been established.

**Plantation Estates**

- The initial planting of 100,000 seedlings at Bonnie Rock in 2008 continues to show good growth with well over 90% survival.
- Carbon Conscious continues to be pleased with the progress of the plantation and expects good levels of carbon growth.

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**  
**& Controlled Entities**

**INTERIM FINANCIAL REPORT**

**DIRECTORS' REPORT**

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- The plantings for 2009 of 1,250 hectares were completed in October 2009 and survival counts range from 91-97% of seedlings surviving post planting.
- Significant portions of the 2009 estate have been allocated to emitter clients.

***2010 Planting Program***

- Preparation for the 2010 planting program is well progressed with suppliers and contractors engaged for the 2010 season.
- Approximately 6 million trees are due to be planted in the 2010 winter program.
- Nursery inspections indicate successful germinations and vigorous seedling growth.
- Plantings will take place in the western, northern, north-eastern and eastern parts of the Western Australian wheatbelt for the 2010 estate.

**CORPORATE**

On 7 December 2009 issued the following options as approved by shareholders at the annual general meeting held 30 November 2009:

- 500,000 director options exercisable at \$0.50 on or before 30 November 2010;
- 900,000 director options exercisable at \$0.58 on or before 31 December 2011 which shall not vest before the completion of one year of service;
- 300,000 options exercisable at \$0.40 on or before 31 December 2013 which shall not vest before 31 December 2012;
- 800,000 options exercisable at \$0.60 on or before 31 March 2012, of which 400,000 shall not vest before the completion of one year of service and the remaining 400,000 shall not vest until the completion of the second year of service;
- 500,000 options exercisable at \$0.58 on or before 31 October 2010 and shall vest on a pro-rata entitlement basis based on the period of service completed; and
- 200,000 employee options exercisable at \$0.60 on or before 31 November 2011 which shall not vest until 1 November 2010.

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**  
**& Controlled Entities**

**INTERIM FINANCIAL REPORT**

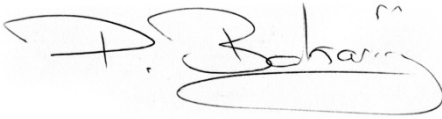
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**AUDITOR'S INDEPENDENCE DECLARATION**

**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

The lead auditor's independence declaration for the period ended 31 December 2009 is set out on page 17.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'P. Balsarini', with a large, sweeping underline.

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Peter Balsarini  
Chief Executive Officer

Perth  
Dated 26 February 2010

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**  
**& Controlled Entities**

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
For the Half-Year Ended 31 December 2009

	<b>Consolidated 31 December 2009 \$</b>	<b>Consolidated 31 December 2008 \$</b>
Revenue from ordinary activities (Note 3)	1,489,443	196,122
Operating expenses	(975,369)	(14,914)
Administration expenses	(198,811)	(306,455)
Compliance and regulatory expenses	(63,529)	(32,855)
Consultancy costs	(307,130)	(89,084)
Depreciation and amortisation expense	(29,417)	(27,138)
Directors' benefits expense	(212,576)	(335,758)
Employee benefits expense	(296,617)	(275,290)
Financing expense	(3,340)	(1,456)
Marketing expense	(238,923)	(96,835)
Occupancy expense	(72,682)	(43,224)
Share-based payments	(115,261)	(61,021)
Loss before income tax expense	(1,024,212)	(1,087,908)
Income tax expense	-	-
Loss for the period	(1,024,212)	(1,087,908)
Total comprehensive result for the period	(1,024,212)	(1,087,908)
Basic loss per share (cents per share)	(2.74)	(2.91)

The accompanying notes form part of this financial report.

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**  
**& Controlled Entities**

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2009

	<b>Consolidated 31 December 2009</b>	<b>Consolidated 30 June 2009</b>
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	4,215,423	2,854,109
Trade and other receivables (Note 2)	221,175	148,881
Inventories	469,034	48,209
Other assets	160,010	250,331
<b>TOTAL CURRENT ASSETS</b>	<b>5,065,642</b>	<b>3,301,530</b>
<b>NON-CURRENT ASSETS</b>		
Carbon development expenditure	1,500,308	562,469
Property, plant and equipment	2,412,132	1,105,855
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,912,440</b>	<b>1,668,324</b>
<b>TOTAL ASSETS</b>	<b>8,978,082</b>	<b>4,969,854</b>
<b>CURRENT LIABILITIES</b>		
Unearned income	2,925,000	-
Trade and other payables (Note 2)	2,728,439	736,260
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,653,439</b>	<b>736,260</b>
<b>TOTAL LIABILITIES</b>	<b>5,653,439</b>	<b>736,260</b>
<b>NET ASSETS</b>	<b>3,324,643</b>	<b>4,233,594</b>
<b>EQUITY</b>		
Issued Capital	7,316,014	7,316,014
Reserves	530,448	415,187
Accumulated losses	(4,521,819)	(3,497,607)
<b>TOTAL EQUITY</b>	<b>3,324,643</b>	<b>4,233,594</b>

The accompanying notes form part of this financial report.

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**  
**& Controlled Entities**

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
For the Half-Year Ended 31 December 2009

	<b>Issued Capital</b>	<b>Consolidated Accumulated Losses</b>	<b>Reserves</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Balance at 1 July 2008</b>	7,316,014	(1,129,932)	313,006	6,499,088
Recognition of share-based payments	-	-	61,021	61,021
Loss attributable to members	-	(1,087,908)	-	(1,087,908)
<b>Balance at 31 December 2008</b>	<u>7,316,014</u>	<u>(2,217,840)</u>	<u>374,027</u>	<u>5,472,201</u>

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Reserves</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Balance at 1 July 2009</b>	7,316,014	(3,497,607)	415,187	4,233,594
Recognition of share-based payments	-	-	115,261	115,261
Loss attributable to members	-	(1,024,212)	-	(1,024,212)
<b>Balance at 31 December 2009</b>	<u>7,316,014</u>	<u>(4,521,819)</u>	<u>530,448</u>	<u>3,324,643</u>

The accompanying notes form part of these financial statements.

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**  
**& Controlled Entities**

**CONDENSED STATEMENT OF CASH FLOWS**  
For the Half-Year Ended 31 December 2009

	<b>Consolidated 31 December 2009</b>	<b>Consolidated 31 December 2008</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	4,327,700	5,386
Payments to suppliers and employees	(2,672,339)	(1,735,225)
Interest received	40,647	200,875
Interest paid	(3,649)	(427)
Net cash provided by/(used in) operating activities	<u>1,692,359</u>	<u>(1,529,391)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of non-current assets	15,000	-
Purchase of non-current assets	(346,045)	(122,425)
Net cash used in investing activities	<u>(331,045)</u>	<u>(122,425)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of finance lease liability	-	(1,568)
Net cash used in financing activities	<u>-</u>	<u>(1,568)</u>
Net increase/(decrease) in cash held	1,361,314	(1,653,384)
Cash at beginning of period	<u>2,854,109</u>	<u>6,649,103</u>
Cash at end of reporting period	<u><u>4,215,423</u></u>	<u><u>4,995,719</u></u>

The accompanying notes form part of this financial report.

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**  
**& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Half-Year Ended 31 December 2009

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**1. STATEMENT OF SIGNIFICANT ACCOUNT POLICIES**

**Significant Accounting Policies**

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The condensed half-year report does not include full disclosures of the type normally included in an annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Carbon Conscious Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Consolidated Entity's 2009 annual financial report for the financial year ended 30 June 2009. The following additional policy was adopted during the reporting period:

Costs in relation to contract income received, including land are expensed to the Statement of Comprehensive Income. Amortisation of land is calculated based on the expected pattern of economic benefits to be received by the Consolidated Entity.

**Reporting Basis and Conventions**

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

**Comparative Figures**

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

**Significant accounting judgements and key estimates**

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2009 with the exception that the additional accounting policy described above in relation to carbon development expenditure associated with contract revenue requires estimates and judgements in relation to the pattern of economic benefits flowing to the entity from the land.

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**  
**& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Half-Year Ended 31 December 2009

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**1. STATEMENT OF SIGNIFICANT ACCOUNT POLICIES (continued)**

**Adoption of new and revised Accounting Standards**

In the half-year ended 31 December 2009, the Consolidated Entity has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2009.

It has been determined by the Consolidated Entity that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Consolidated Entity accounting policies.

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

*Presentation of Financial Statements*

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement/single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2009. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

*Principles of Consolidation*

AASB 127 (revised) required the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. This is different to the Group's previous accounting policy where transactions with minority interests were treated as transactions with parties external to the group.

The standard also specifies the accounting when control is lost. Any remaining interest in the entity must be remeasured to fair value and a gain or loss is recognised in profit or loss. This is consistent with the entity's previous accounting policy if significant influence is not retained.

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**  
**& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Half-Year Ended 31 December 2009

The Group will in future allocate losses to the non-controlling interest in its subsidiaries even if the accumulated losses should exceed the non-controlling interest in the subsidiary's equity. Under the previous policy, excess losses were allocated to the parent entity.

Lastly, dividends received from investments in subsidiaries, jointly controlled entities or associates after 1 July 2009 are recognised as revenue even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a result of the dividend payment. Under the entity's previous policy, these dividends would have been deducted from the cost of the investment.

The changes were implemented prospectively from 1 July 2009. There has been no impact from the changes on the current period.

Segment Reporting

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Carbon Conscious Limited.

**2. TRADE & OTHER PAYABLES**

	<b>31 December 2009</b>	<b>30 June 2009</b>
	\$	\$
Trade Creditors	941,679	736,260
Land under contract	1,786,760	-
	2,728,439	736,260

**2. LOSS BEFORE INCOME TAX**

	<b>31 December 2009</b>	<b>31 December 2008</b>
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Interest revenue	44,767	190,736
Contract planting income	1,396,960	5,386
Plantation management fees	26,562	-
Carbon sales – voluntary market	16,740	-
Other revenue	4,414	-
	1,489,443	196,122

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**  
**& Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Half-Year Ended 31 December 2009

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**3. SEGMENT REPORTING**

The information contained within this report is consistent with internal reporting provided to the chief operating decision maker. The Consolidated Entity operates on the one business and geographical segment being the carbon sequestration industry. Accordingly under the management approach outlined in Note 1 only one operating segment has been identified and no further disclosure is required to the financial statements

**4. OPTIONS**

	<b>No.</b>	<b>No.</b>
Movements in options over ordinary shares on issue		
As at beginning of half year	9,575,000	9,375,000
Granted during the half year	<u>3,200,000</u>	<u>500,000</u>
As at end of half year	<u><u>12,775,000</u></u>	<u><u>9,875,000</u></u>

**5. CONTINGENT LIABILITIES**

The Consolidated Entity currently has no contingent liabilities.

**6. EVENTS SUBSEQUENT TO REPORTING DATE**

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**  
**& Controlled Entities**

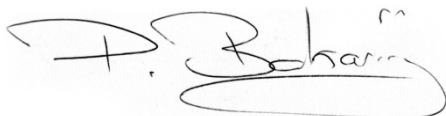
**DIRECTORS' DECLARATION**  
For the Half-Year Ended 31 December 2009

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The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 15 are in accordance with the Corporations Act 2001 including:
  - (a) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date.
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.303(b) of the Corporations Act 2001.



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Peter Balsarini  
Chief Executive Officer

PERTH  
Dated 26 February 2010

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Carbon Conscious Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Carbon Conscious Limited and the entity it controlled during the period.



**Perth, Western Australia**  
**26 February 2010**

**W M CLARK**  
**Partner, HLB Mann Judd**

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of  
CARBON CONSCIOUS LTD

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report, which comprises the condensed statement of financial position as at 31 December 2009, the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows and notes to the financial statements for the half-year ended on that date, and the directors' declaration, of Carbon Conscious Ltd and the entity it controlled during the half-year ended 31 December 2009 ("consolidated entity").

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Carbon Conscious Ltd, ASRE 2410, requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Carbon Conscious Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**HLB MANN JUDD**  
**Chartered Accountants**



**W M CLARK**  
**Partner**

**Perth, Western Australia**  
**26 February 2010**