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30 April 2010

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

**ANNOUNCEMENT NUMBER 71**

**Via: ASX Online**

**Number of Pages: 9** (including this page)

**ASX Code: CCF**

Dear Sir,

**ASX Announcement No 71 – Quarterly Report for the Period ending 31 March 2010 (Appendix 4C)**

Please find attached the Quarterly Report for the activities of Carbon Conscious Limited for the period ending 31 March 2010 as required under ASX Listing Rule 4.7B.

Yours sincerely

**Tim Jones**  
Company Secretary

encl.

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## **CARBON CONSCIOUS LIMITED QUARTERLY REPORT – PERIOD ENDING 31 MARCH 2010**

### **1. COMPANY OVERVIEW**

Carbon Conscious Limited (ASX: CCF) is an Australian company producing carbon credits through carbon farming – the planting of Mallee Eucalypt trees in Australia’s wheatbelt region.

This is achieved through the Carbon Capture Program™ and involves partnering with landholders, carbon emitters and businesses under a form of carbon share farming to deliver benefits for each stakeholder.

These benefits include an offset of carbon emissions for businesses and significant environmental benefits to farmers and landholders through the reduction of the effects of salinity on their land.

Carbon Conscious combines its extensive experience in the Mallee Eucalypt, Agricultural and Funds Management industries to deliver these benefits.

We are a leading supplier of carbon credits to the ever expanding national and international markets. We strive to be the company of choice for carbon emitters and businesses looking for quality and certainty of carbon credit supply in sufficient commercial volumes.

### **2. QUARTERLY UPDATE**

#### **2.1 CPRS Update**

- On 27 April 2010, Prime Minister Kevin Rudd announced that the Government had deferred its CPRS legislation until 2012.
- The decision stemmed from the need to finalise forward forecasts in the budget estimates. Contrary to previous advice, the Government will now no longer represent the CPRS for legislation for a vote in the Senate in May 2010.
- Providing conflicting commentary, the Prime Minister reconfirmed the Government’s commitment to the CPRS however noted the difficulty of passing the legislation in the Senate and the slow progress of international negotiations as contributing factors to the decision.
- Significantly, the Government reconfirmed its commitment to the 2020 target reductions in greenhouse gas emissions. The Government noted that a range of energy efficiency and abatement opportunities would be developed in the interim between now and the commencement of the CPRS.

- Since the announcement, the Government has come under significant criticism from a number of parties in relation to its revised position. The Liberal Party remains opposed to the CPRS legislation, and has released the framework of its climate policy, which focuses on energy efficiency, rather than a carbon price.

### **3. CORPORATE UPDATE**

#### **3.1 Company Position**

- While the decision by the Government is extremely disappointing, given the Government’s previously stated position, Carbon Conscious remains confident of future opportunities and value creation for shareholders.
- Having reconfirmed Australia’s commitment to the 2020 carbon reduction target, the Company notes that its business model of bio-sequestration via native tree plantings provides one of the most cost effective and environmental friendly measures to meet this target.

- The Company is currently assessing new opportunities and looks forward to further clarification as to the nature of the abatement opportunities on offer.
- The Company is in a position of having contracted relationships with existing customers which continue irrespective of the delay in the scheme and provides ongoing planting and management revenue.
- Disappointingly for the companies involved, the investment they have made in trees with the Company may have reduced value due to the announcement.
- The development of the voluntary carbon market continues and the Company expects the delay in the scheme may boost potential opportunities in this area.

### **3.2 Cash Position**

- Cash reserves at the end of the March quarter were \$1.79M.

### **3.3 Plantation Estates**

#### **3.3.1 2009 Estate**

- 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.

#### **3.3.2 2010 Estate**

- 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 are confirming quality seedlings at each nursery. Grading is in progress and final seedling counts are expected to be well in excess of planting requirements.
- Plantings will take place in the western, northern, north-eastern and eastern parts of the Western Australian wheatbelt for the 2010 estate.

### **3.4 New Business Opportunities – Regulated**

- Carbon Conscious announced on 17 March 2010 that Origin Energy Ltd (ASX: ORG) has exercised an option on plantings for the 2011 season. As part of the original agreement announced to the market on 16 July 2009, this option for additional plantings is an expansion on the existing contracted plantings for 2010 and 2011.
- Carbon Conscious is continuing discussions with organisations likely to have carbon liabilities under the CPRS.
- Potential clients have expressed a desire to include forestry bio-sequestration in their carbon offset portfolios.

### **3.5 New Business Opportunities – Voluntary**

- Carbon Conscious has put additional time and resources into expanding existing voluntary offerings and developing new products.
- The Company continues to develop opportunities via strategic partnerships with relevant brands throughout Australia.
- A number of opportunities were finalised in this period with advanced discussions underway on others.

### **3.6 Industry Events**

- The Carbon Reduction Conference was recently held from 20 - 22 April 2010 at the Melbourne Exhibition Centre, Southbank.
- Peter Balsarini, CEO of Carbon Conscious joined more than 20 speakers from government leaders, investors and experts in the carbon reduction arena.
- The Conference Program was designed to deliver information and equip delegates with the tools needed in preparation for a new carbon reduced economy.
- In December 2009, the EPA said greenhouse gas (GHG) emissions and their impact on global temperatures represent a threat to the public health and welfare and need to be reduced.
- The agency has said it will begin regulating emissions from sources that emit more than 25,000 tonnes of GHGs a year if Congress fails to pass carbon-capping legislation.
- Backers of the revised energy and climate bill hope the threat of EPA regulation will put pressure on Congress to pass legislation.

### **3.7 PR & Promotion**

- Carbon Conscious was the official carbon offset provider for the Margaret River Drug Aware Pro surf event in March 2010. The event attracted seven of the world's top ten surfers and was regarded as one of the most successful events in its long history.
- The Company continues its partnership with Sunset Events, including participation in the Southbound and Blues & Roots festivals.

## **4. INTERNATIONAL CARBON MARKET UPDATE**

### **4.1 US Developments**

- The House passed its cap-and-trade bill in June of 2009, and have been waiting for the Senate to complete its work.
- Senators John Kerry (Democrat), Joe Lieberman (Independent) and Lindsey Graham (Republican) have spent months working with industry groups and lawmakers and are expected to unveil a revised energy and climate bill at the end of April 2010.

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

CARBON CONSCIOUS LIMITED

ABN

20 129 035 221

Quarter ended ("current quarter")

31 March 2010

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	506	4,834
1.2 Payments for		
(a) staff costs	(364)	(845)
(b) advertising and marketing	(22)	(257)
(c) research and development		0
(d) leased assets		0
(e) other working capital	(316)	(473)
(f) cost of sales	(328)	(878)
(g) other - carbon rights		(182)
(h) other - inventories for 2009 plantings		0
(i) other - deposits for 2010 plantings	(433)	(1,559)

+ See chapter 19 for defined terms.

## Quarterly report for entities

admitted on the basis of commitments

1.3	Dividends received	0	0
1.4	Interest and other items of a similar nature received	33	74
1.5	Interest and other costs of finance paid	(3)	(8)
1.6	Income taxes paid	0	0
1.7	Other (provide details if material)	0	3
	<b>Net operating cash flows</b>	(927)	709
		Current quarter \$A'000	Year to date (6 months) \$A'000
1.8	Net operating cash flows (carried forward)	<b>(927)</b>	<b>709</b>
	<b>Cash flows related to investing activities</b>		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	0	0
	(b) equity investments	(50)	(50)
	(c) intellectual property	0	0
	(d) physical non-current assets	(1,719)	(2,075)
	(e) other non-current assets	0	0
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	0	0
	(b) equity investments	0	0
	(c) intellectual property	0	0
	(d) physical non-current assets	12	27
	(e) other non-current assets	0	0
1.11	Loans to other entities	0	0
1.12	Loans repaid by other entities	0	0
1.13	Other (provide details if material)	0	0
	<b>Net investing cash flows</b>	(1,757)	(2,098)
<b>1.14</b>	<b>Total operating and investing cash flows</b>	(1,757)	(2,098)
	<b>Cash flows related to financing activities</b>		
1.15	Proceeds from issues of shares, options, etc.	0	0
1.16	Proceeds from sale of forfeited shares	0	0
1.17	Proceeds from borrowings / hire purchase	0	72
1.18	Repayment of borrowings	(6)	(12)
1.19	Dividends paid	0	0
1.20	Other	0	0
	<b>Net financing cash flows</b>	(6)	60

+ See chapter 19 for defined terms.

**Quarterly report for entities  
admitted on the basis of commitments**

	<b>Net increase (decrease) in cash held</b>	(2,690)	(1,329)
1.21	Cash at beginning of quarter/year to date	4,215	2,854
1.22	Exchange rate adjustments to item 1.20	0	0
1.23	<b>Cash at end of quarter</b>	<b>1,525</b>	<b>1,525</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	65
1.25	Aggregate amount of loans to the parties included in item 1.11	0

1.26 Explanation necessary for an understanding of the transactions

+ See chapter 19 for defined terms.

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil
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- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil
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### Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	nil
3.2 Credit standby arrangements	Nil	nil

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	275	715
4.2 Deposits at call	1,250	3,500
4.3 Bank overdraft	0	0
4.4 Other (provide details)	0	0
<b>Total: cash at end of quarter</b> (item 1.23)	<b>1,525</b>	<b>4,215</b>

+ See chapter 19 for defined terms.

## Quarterly report for entities

admitted on the basis of commitments


**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	nil	nil
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: .....



Date: 30 April 2010 .....

(Director)

Print name: Peter Balsarini .....

+ See chapter 19 for defined terms.