

27 February 2009

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Australian Securities Exchange  
10th Floor  
20 Bond Street  
SYDNEY NSW 2000

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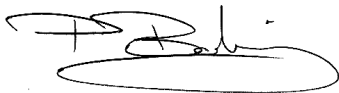
Dear Sir,

**ASX Announcement No 36 – Interim Financial Report**

Please find attached Interim Financial Report for the half year ended 31 December 2008.

Yours sincerely

**Carbon Conscious Limited**



Peter Balsarini  
Chief Executive Officer and Company Secretary

Encl

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# **CARBON CONSCIOUS LIMITED**

ABN 20 129 035 221

Half Year Report  
Period Ending 31 December 2008

Appendix 4D

Lodged with the ASX under Listing Rule 4.2A.3

**Details of Reporting Period**

Reporting period is from 1 July 2008 through to 31 December 2008. The Company was not trading in the period 1 July 2007 through to 31 December 2007.

**Results for announcement to the market**

			<b>2008 \$'000</b>
Revenue from ordinary activities	Up 100%		196
Profit (Loss) before income tax	Down 100%		(1,087)
Profit (Loss) after tax attributable to members	Down 100%		(1,087)

The company commenced operations on the 2<sup>nd</sup> January 2008 and listed on the ASX on the 21<sup>st</sup> May 2008 and continued to operate in the observed period.

The results for the period reflect the expenses incurred in the establishment of the business, the employment of staff and the 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 \$0.14 as at 31 December 2008 (at June 30 2008 \$0.17).

The results should be read in conjunction with the Interim Financial reports for the period lodged with the ASX on 27 February 2009.



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

Date: 27 February 2009



**carbonconscious**

ABN 20 129 035 221

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Interim Financial Report  
For the Half-Year Ended 31 December 2008

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**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**

**INTERIM FINANCIAL REPORT**  
**For the Half-Year Ended 31 December 2008**

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## COMPANY DIRECTORY

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### **Directors**

MATTHEW BIRNEY, Non-Executive Chairman  
PETER BALSARINI, Chief Executive Officer  
DANIEL STEVENS, Executive Director  
RICHARD COLLINS, Executive Director  
NADAISAN LOGARAJ, Non-Executive Director

### **Company secretary**

PETER BALSARINI

### **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 2, 15 RHEOLA STREET, WEST PERTH WA 6005

### **STOCK EXCHANGE LISTING**

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

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**

**INTERIM FINANCIAL REPORT**

**DIRECTORS' REPORT**

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Your directors submit the financial report of the Company for the half-year ended 31 December 2008.

**DIRECTORS**

The names of Directors who held office during or since the end of the period are:

Matthew Birney	Chairman
Peter Balsarini	Chief Executive Officer
Daniel Stevens	Executive Director
Richard Collins	Executive Director
Nadaisan Logaraj	Non-Executive Director
Michael Shields	Non-Executive Director (resigned 25 November 2008)

**REVIEW OF OPERATIONS**

Carbon Conscious Limited 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 business 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.

Our objective is to be 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.

Key highlights of the financial period include:

**Greenhouse Friendly Accreditation Awarded**

On 10 December 2008 CCF was awarded approved abatement provider status under the Federal Government's Greenhouse Friendly Program™ for its forest sink Carbon Capture Program™.

Accreditation provides clients with a government-endorsed quality assured product, it gives CCF's clients complete confidence in the Company's systems, processes and forecasting.

To gain accreditation under the Greenhouse Friendly™ Program, Carbon Conscious was required to demonstrate integrity and credibility in relation to carbon accounting. The process required demonstration of verifiable measurement, monitoring procedures and systems. It included significant input by industry expert's URS Forestry and was independently reviewed by government approved abatement system verifier GHD.

The Department of Climate Change FullCam program was used to project carbon growth curves for each plot based on site parameters such as environment and soil conditions.

Remnant vegetation sites were then assessed to estimate the growth of Australian mallee species at mature age.

Additional sites were measured to confirm mallee carbon production levels in high and low rainfall areas, on sands and clays and duplex soils.

Preferred soil types for best rates of carbon production were then identified.

Overall the accreditation process involved sampling 7,000 trees across 4 species and destructive sampling 100 trees to develop one of the most extensive data bases of the carbon sequestration rates of mallee eucalypt species. Clients can be assured that predictions of carbon growth rates can be accurately verified.

### **White Paper Update – Carbon Pollution Reduction Scheme (CPRS)**

On 15 December 2008, the Australian Government released the CPRS (The Scheme) White Paper.

Forestry will be the only domestic source of CPRS permits available to the market other than purchasing permits at auction from the Government at the prevailing market price.

The CPRS White Paper highlighted that the Federal Government expects most forests established as a result of the Scheme will be not-for-harvest forests grown on marginal or less productive farmland.

The White Paper clarified a number of technical issues around forestry, most notably addressing the key matters of measurement, retirement of carbon permits and specific elements relating to ongoing liability and risk management which will provide further stimulus for investment by major Australian carbon emitters.

The White Paper is expected to provide additional certainty the market requires to make investment decisions in new technology and other abatement activities such as carbon forest sinks.

### **Development of planting machine**

Following successful demonstration of a modified tree planting machine during 2008, CCF has entered into a Heads of Agreement with an experienced planting contractor to construct a planting machine capable of meeting the scale of operation required by CCF.

The planting contractor will be able to manage seedling delivery and planting at a rate of up to 100,000 mallee seedlings per day per planting unit.

The mallee plantations will be established within GPS coordinates and every row will have known GPS coordinates to help facilitate plantation assessments in future.

The contractor will be ready to commence planting early in the 2009 season in areas where sufficient summer rains have fallen.

### **Contract Negotiations**

Carbon Conscious continues to work closely with a number of parties in relation to investment into the Carbon Conscious Carbon Capture program.

The prevailing economic conditions have acted to add a degree of uncertainty around the ultimate commencement, design and implementation of the government Emissions Trading Scheme. This level of uncertainty has resulted in a longer time frames to negotiate and finalisation of any significant contracts that the Directors first anticipated upon listing of the business.

This notwithstanding and as noted above the government White Paper released on 15 December 2008 has resulted in a significant increase in interest and activity from companies who are seeking a hedge against future carbon price increases by creating their own stream of carbon permits via large scale tree plantations.

On 26 August 2008 the Company announced the appointment of Peter Balsarini as Chief Executive Officer. Mr Balsarini joined the Company in January 2008 as the Chief Operating Officer.

On 25 November 2008 the Company announced the resignation of non-executive director Michael Shields.

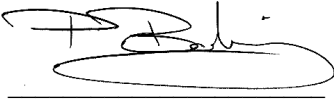
On 25 November 2008 the Company issued 500,000 \$0.60 options exercisable on or before 8 August 2013 to Peter Balsarini as approved by shareholders at the annual general meeting held 25 November 2008.

**AUDITOR'S INDEPENDENCE DECLARATION**

**Lead Auditors Independence Declaration under Section 307C of the Corporations Act 2001**

The lead auditor's independence declaration for the period ended 31 December 2008 is set out on page 14.

This report is signed in accordance with a resolution of the Board of Directors.



Peter Balsarini  
Director

Perth  
Dated 25 February 2009

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**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**

**CONDENSED INCOME STATEMENT**  
For the Half-Year Ended 31 December 2008

	Note	31 December 2008	2 January 2008 to 30 June 2008
		\$	\$
Revenue from ordinary activities	2	196,122	89,822
Administration expenses		(306,455)	(208,174)
Compliance and regulatory expenses		(32,855)	(11,828)
Consultancy costs		(89,084)	(104,926)
Depreciation and amortisation expense		(27,138)	(3,448)
Directors' benefits expense		(335,758)	(202,875)
Employee benefits expense		(275,290)	(220,150)
Financing expense		(1,456)	(1,392)
Marketing expense		(96,835)	(73,317)
Occupancy expense		(43,224)	(47,217)
Operating expense		(14,914)	(33,421)
Share based Payments		(61,021)	(313,006)
Loss before income tax expense		(1,087,908)	(1,129,932)
Income tax expense		-	-
Loss for the period		(1,087,908)	(1,129,932)
Basic loss per share (cents per share)		(2.91)	(5.88)

The accompanying notes form part of this financial report.

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**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**

**CONDENSED BALANCE SHEET**  
As at 31 December 2008

	Note	31 December 2008 \$	30 June 2008 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		4,995,719	6,649,103
Trade and other receivables		602,766	133,998
Stock on hand		76,641	30,970
<b>TOTAL CURRENT ASSETS</b>		<u>5,675,126</u>	<u>6,814,071</u>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		159,524	33,294
<b>TOTAL NON-CURRENT ASSETS</b>		<u>159,524</u>	<u>33,294</u>
<b>TOTAL ASSETS</b>		<u>5,834,650</u>	<u>6,847,365</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		329,660	344,965
Financial liabilities		9,315	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>338,975</u>	<u>344,965</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		3,414	3,312
Financial liabilities		20,060	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>23,474</u>	<u>3,312</u>
<b>TOTAL LIABILITIES</b>		<u>362,449</u>	<u>348,277</u>
<b>NET ASSETS</b>		<u>5,472,201</u>	<u>6,499,088</u>
<b>EQUITY</b>			
Issued capital		7,316,014	7,316,014
Reserves		374,027	313,006
Accumulated losses		(2,217,840)	(1,129,932)
<b>TOTAL EQUITY</b>		<u>5,472,201</u>	<u>6,499,088</u>

The accompanying notes form part of this financial report.

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
For The Half-Year Ended 31 December 2008

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Reserves</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Balance at 2 January 2008</b>	-	-	-	-
Shares issued during the period	7,851,626	-	-	7,851,626
Share issue costs	(535,612)	-	-	(535,612)
Recognition of share based payments	-	-	313,006	313,006
Loss attributable to members	-	(1,129,932)	-	(1,129,932)
<b>Balance at 30 June 2008</b>	<b>7,316,014</b>	<b>(1,129,932)</b>	<b>313,006</b>	<b>6,499,088</b>

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Reserves</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Balance at 1 July 2008</b>	<b>7,316,014</b>	<b>(1,129,932)</b>	<b>313,006</b>	<b>6,499,088</b>
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>	<b>7,316,014</b>	<b>(2,217,840)</b>	<b>374,027</b>	<b>5,472,201</b>

The accompanying notes form part of these financial statements.

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**

**CONDENSED CASH FLOW STATEMENT**  
For the Half-Year ended 31 December 2008

	<b>31 December 2008</b>	<b>2 January 2008 – 30 June 2008</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(1,735,225)	(697,014)
Receipts from customers	5,386	-
Interest received	200,875	66,845
Interest Paid	(427)	-
	<hr/>	<hr/>
Net cash used in operating activities	(1,529,391)	(630,169)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of non-current assets	(122,425)	(36,742)
	<hr/>	<hr/>
Net cash used in investing activities	(122,425)	(36,742)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	7,851,626
Costs of issue of shares	-	(535,612)
Payment of finance lease liability	(1,568)	-
	<hr/>	<hr/>
Net cash (used in)/provided by financing activities	(1,568)	7,316,014
Net (decrease)/increase in cash held	(1,653,384)	6,649,103
Cash at beginning of period	6,649,103	-
	<hr/>	<hr/>
Cash at end of reporting period	4,995,719	6,649,103

The accompanying notes form part of this financial report.

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Half -Year Ended 31 December 2008

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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. Compliance with AASB 134 ensures compliance with IAS 134 'Interim Financial Reporting'

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide a full understanding of financial performance, financial position and cash flows of the company as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 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 entity's 2008 annual financial report for the financial year ended 30 June 2008.

In the half-year ended 31 December 2008, the 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 2008.

It has been determined by the 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 entity accounting policies.

**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**

Carbon Conscious Limited was incorporated on 2 January 2008. The comparative results provided for the Condensed Income Statement, Condensed Statement of Changes in Equity and Condensed Cash Flow Statement relate to the period of 2 January 2008 to 30 June 2008.

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

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**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Half - Year Ended 31 December 2008

**2. REVENUE**

	<b>31 December 2008</b>	<b>2 January 2008 – 30 June 2008</b>
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Interest revenue	190,736	89,822
Contract planting income	5,386	-
	<u>196,122</u>	<u>89,822</u>

**3. SEGMENT REPORTING**

During the half year the Company operated in one geographical segment, being Western Australia and one business segment being bio sequestration.

**4. OPTIONS**

	<b>No.</b>
	\$
Movements in options over ordinary shares on issue	
As at 1 July 2008	9,375,000
Issue of \$0.60 8 August 2013 options	<u>500,000</u>
As at 31 December 2008	<u>9,875,000</u>

**5. EVENTS SUBSEQUENT TO REPORTING DATE**

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

**6. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

The Company currently has no contingent assets or contingent liabilities.

**CARBON CONSCIOUS LIMITED**  
**ABN 20 129 035 221**

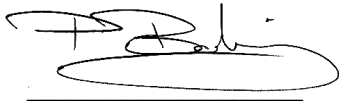
**DIRECTORS' DECLARATION**  
For the Half - Year Ended 31 December 2008

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The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 12 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the company's financial position as at 31 December 2008 and its performance for the period 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.



Peter Balsarini  
Director

PERTH  
Dated 25 February 2009

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**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 2008, 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.



**Perth, Western Australia**  
**25 February 2009**

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

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**INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of  
CARBON CONSCIOUS LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report, which comprises the condensed balance sheet as at 31 December 2008, the condensed income statement, condensed statement of changes in equity, condensed cash flow statement and notes to the financial statements for the half-year ended on that date, and the directors' declaration of Carbon Conscious Limited ("company").

*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 company's financial position as at 31 December 2008 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 Limited, 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*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of Carbon Conscious Limited on 25 February 2009.

*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 Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2008 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**  
**25 February 2009**

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