CleanTeQ
environmental innovation

ANNUAL REPORT **2013**

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The global need

Globalisation

Urbanisation

Emerging Economies

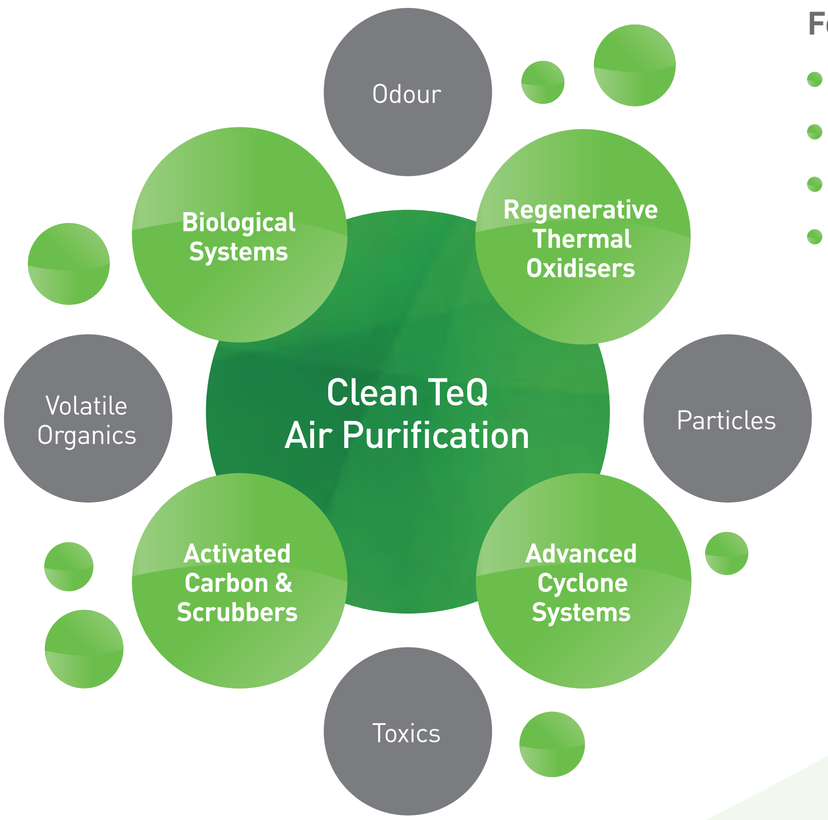
are all putting pressure on the world's air, water and natural resources.

Clean TeQ is striving for excellence in the development of sustainable solutions.

Air Purification Division

- 20 year history in successfully treating air pollution in Australia
- Solutions for treating odour, volatile organic compounds, toxics and dust and particulates
- Over 100 reference sites in Australia and Asia
- World class intellectual property portfolio in biological, thermal and physical treatment processes
- Currently tuning the business model to increase returns
- Ready to expand into the high growth markets of Asia and the Middle East

Air Purification Technologies

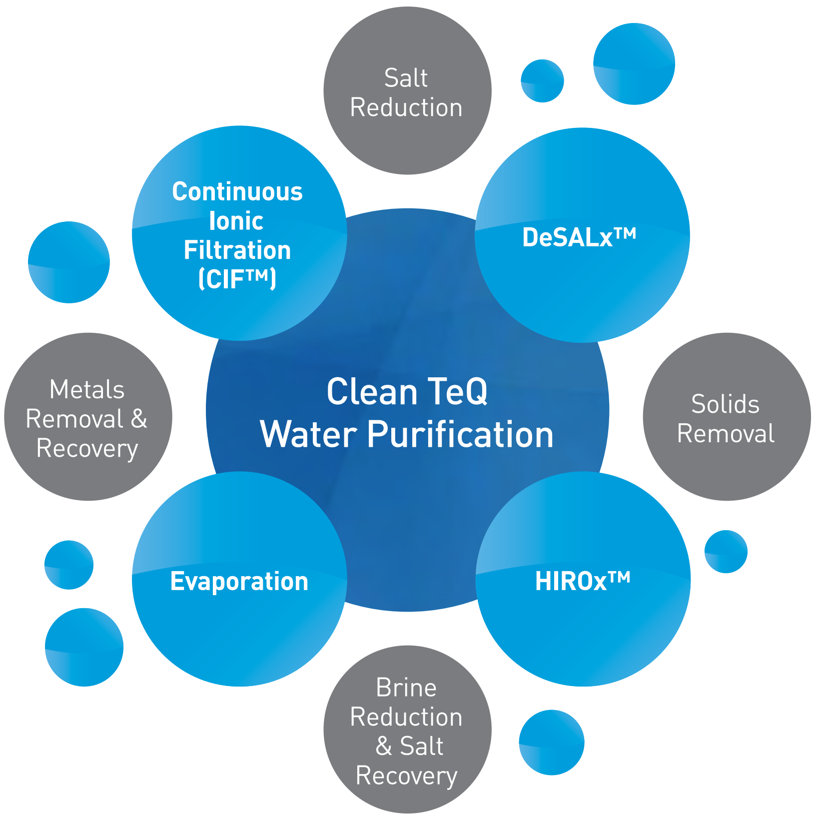


Four technologies that treat:

- **odour**
- **particles**
- **toxics, and**
- **volatile organics**

Water Purification Division

- Targeting filtration, separation and purification of industrial waters and wastewaters
- Suite of products developed around Continuous Ion Exchange for water and wastewater recycling
- Desalination plant designed and constructed by Associated Water Pty Ltd
- Salty water from coal seam gas production successfully treated to irrigation quality
- Now engaged on securing large opportunities to treat process waters from the gas and mining sectors
- Future development focussed on delivering potential value in by-products - salts and metals



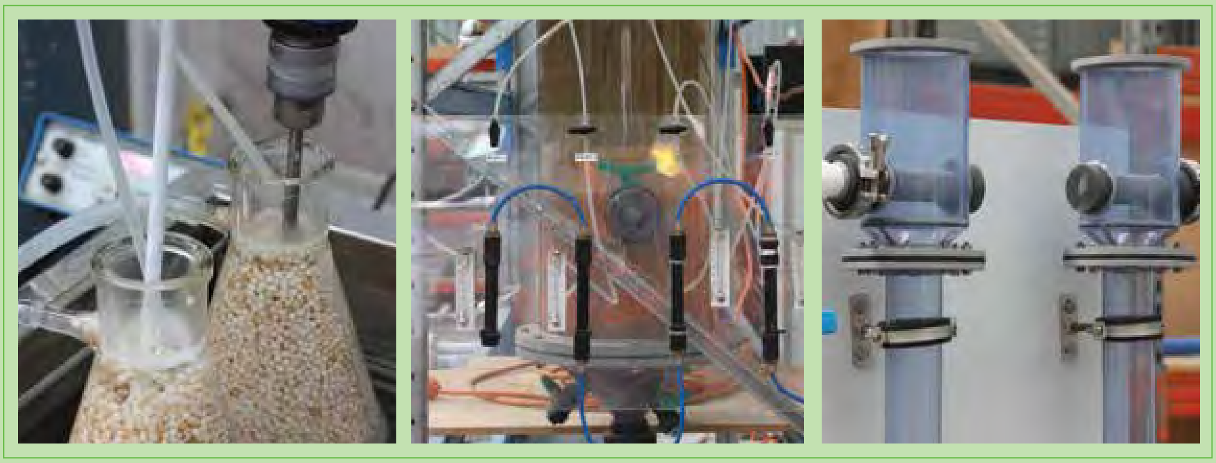
Water Purification Technologies

1. Contaminated water from coal seam gas production is fed to the Continuous Ionic Filtration Process
2. Particles are filtered from the water
3. Salts are separated from the water
4. Purified water is produced
5. Water is suitable for irrigation or other beneficial reuse
6. By-product salts such as gypsum, sodium sulphate and calcium chloride are produced for use as soil conditioners and industrial use

Resource Recovery

- Continuous Ion Exchange suite of technologies developed for metal extraction from pulps and solutions
- Focused on markets where extraction and purification technology provides a competitive advantage
- Strong intellectual property portfolio
- Successfully demonstrated for the extraction and purification of scandium from refinery waste streams
- Opportunities for economic processing of low grade, base metal ores
- Business strategy aimed at owning part of the values created by the technology

Resource Recovery Technologies

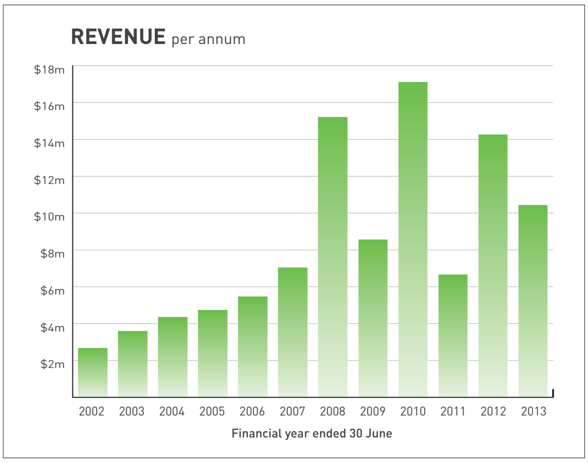


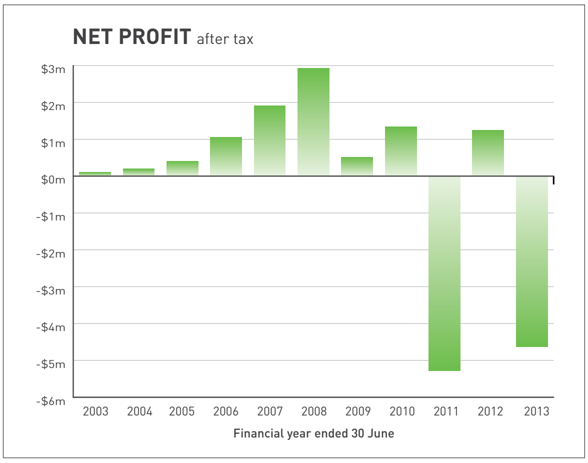
2013 year in review

- Lower revenue and profit from prior year
- Results for the year: Revenue $10.424m

  Net profit/(loss) after tax ($4.631m)

  Cash at 30 June 2013 $1.081m
- Successful results of coal seam gas water treatment
- Progress on the extraction and purification of scandium from sludges
- Continuing R&D activity in relation to water treatment and recovery and light metal recovery from wastes
- Conservative approach to R&D holdings on the Balance Sheet to reflect commercialisation in a slowing economy
- Mr Robert Friedland invests into Clean TeQ with a potential 19.9% stake





Chairman's Report

Let me begin by saying how pleased I am to have joined the Clean TeQ Board. This is a highly innovative Australian company with an exciting and unique technology platform that has global application across many industries and sectors. If managed well, its future is very bright.

However, I am also conscious that the company's financial and operating performance over the last twelve months has been unacceptable for our shareholders. As Peter has indicated in his CEO's Report, the issues that have impacted our performance have been identified and are being addressed by our management team. The Board's first priority is to ensure we do not see a repeat of the last twelve months and that we start to generate satisfactory returns on the capital we are deploying.

Having recently taken up the position of Chairman of Clean TeQ Holdings Ltd and seen its technology applied across a number of diverse uses, let me share with you some initial observations that I believe are relevant to your decision, as shareholders, to invest in a company like Clean TeQ.

Firstly, this is a company with a quite extraordinary track record of technology development and deployment. It is today the market leader in Australia for biological filtration units in the air treatment industry, a market that is growing rapidly throughout Asia and the Middle East. Over the past decade it has invested heavily to develop an innovative and ground-breaking water treatment and metal recovery process, utilizing continuous ionic-filtration (CIF™). Pilot testing of Clean TeQ's CIF™ plant in Queensland's coal seam gas fields was extremely encouraging, offering the potential for lower capital and operating costs while giving farmers the ability to maintain physical possession of on-site water. Australia's east coast coal seam gas fields remain a prime market for this technology. In addition, results from piloting rare metal recoveries in Japan have also been very encouraging and, we believe, can be extended to other mining-industry applications. This culture of innovation and technology deployment has been a hallmark of Clean TeQ's operating philosophy for many years and it is a strength that must be preserved and encouraged.

My second observation is that Clean TeQ is a company at an inflection point in its development, which the Board recognizes as a period of uncertainty and volatility for investors. The company's CIF™ technology is highly innovative but not well-known or utilized outside the former Soviet Union or in certain mining industry applications. Like any small company marketing a new product to solve old problems, there will be difficulty convincing end-users to look differently at solutions to their problems. However, your Board is convinced that Clean TeQ does have a significant value proposition to offer customers and that its technology platform is robust and capable of being deployed globally. I will be working with the Board over coming months to ensure our strategy and management team is aligned to make the transition from aspiring technology developer to product and service vendor as quickly as possible.

Finally, to make the transition referred to above, Clean TeQ must be global in its outlook, focused on growth and able to attract capital to implement its strategy. Again, this is an area where the Board must focus considerable energy over the next twelve months to ensure the management team has the tools and resources necessary to deliver on our strategy.

I look forward to working with the Board and management team to ensure that we protect and grow the investment made in Clean TeQ by its shareholders and that this innovative Australian company is a success for all its stakeholders.

Yours faithfully

Sam Riggall
Chairman

CEO's Report as at 30 June 2013

The 2013 financial year for Clean TeQ Holdings Limited (ASX: CLQ) has been challenging in terms of delivering revenue and profit whilst at the same time continuing our investment in new technologies that hold significant potential in the water and resource markets. However, the central tenet of the Clean TeQ proposition of added value through technical innovation still holds true, and in fact has been reinforced, with the successful results of demonstration test work during the year as well as the outcome of tenders in the marketplace. Clean TeQ is at the forefront of developing disruptive technologies for water and mining industries, but as with any new technology it relies on the gradual displacement of conventional technologies and processes. We believe that as Clean TeQ's technology offering is progressively proven in commercial applications, the roll-out will accelerate.

Clean TeQ is working with potential customers to apply its innovative continuous ion exchange technology to environmental challenges which currently are difficult or uneconomic to solve using conventional solutions and to successfully unlock potential economic value from these challenges. Clean TeQ innovations are underpinned by an extensive intellectual property (IP) portfolio. IP is now considered one of the keys to success in an increasingly competitive global economy and our IP portfolio is capable of delivering the underlying framework for many of the environmental challenges which as they are commercialised will significantly enhance the valuation of the Company. Clean TeQ develops and provides solutions to reuse and restore our resources through this portfolio of innovative and economically sound environmental technologies.

The key to the success of the Company lies in the acceptance and growing use of these technologies in the marketplace. While we lay claim to being the best odour control provider in our region, we also aim to be the leading provider of solutions based around continuous ion exchange technology for the water and resource markets and are seeking alliances with synergistic businesses around the world.

This report, for the year ended 30 June 2013, shows that the company failed to meet several milestones that we set out to accomplish in this year. Despite this, our aim continues to be to transform our Company from principally an engineering and project delivery business, to a Company that derives its income from a number of sources including projects, service provision and IP fees and ultimately delivering annuity income streams. This means that we will continue to invest into R&D and to build our IP portfolio.

It is particularly significant this year that a global investor of the calibre of Mr Robert Friedland has chosen to invest into Clean TeQ. Mr Friedland, who is a renowned global mining and technology entrepreneur, adds credence to the Clean TeQ proposition of being able to add value in the resources sector. We will continue to pursue the application of the technology to resource recovery as that sector offers huge upside potential. We welcome Mr Friedland's association with the Company and the potential opportunities that may eventuate from the relationship.

PERFORMANCE

	30 June 2013 $'000	30 June 2012 $'000	30 June 2011 $'000
Revenue*	10,424	12,035	3,998
EBITDA*+	(4,348)	1,345	(3,514)
Net Profit/(Loss) After Tax	(4,631)	1,248	(5,274)

* From continuing operations

\+ Earnings before Interest, Tax, Depreciation, Amortisation and Impairment expense

The financial performance for the year was unsatisfactory and was impacted by poor performance in the Air Division for a small number of projects, and by the delay in receiving a licence fee in the resource recovery area. Whilst the overall results for the year are unacceptable, the second half performance was demonstrably improved on the first half with almost two times the revenue and reduced operational loss in the second half compared to the first. This followed internal management and operational changes to ensure the delivery of projects was improved in line with the prior year's performance. These changes will continue to be beneficial in the 2014 financial year.

As part of the audit process the Board has reviewed the carrying value of its intangibles and deferred tax assets. In light of the current economic conditions combined with lower commodity prices, the uptake of new technologies may be slowed to some extent. In this light the Board has decided to take a conservative financial approach and make a provision against the carrying value of our intellectual property and also to not bring to account deferred tax assets. These non-cash adjustments amount to approximately $2 million on a net loss after tax basis.

AIR DIVISION

The Air Division provides engineered solutions for air purification issues including odour nuisance, greenhouse gas and toxic emissions abatement. The revenue for the Air Division in 2013 was $8.9m, an increase over the previous year of near 50% with projects delivered across most States of Australia. This rapid sales growth required the Company to quickly recruit additional staff and, in a tight labour market for experienced engineers, we were unable to oversee and manage the larger number of projects effectively which resulted in poor cost control and an overall unacceptable return. Operational and personnel changes have been instituted to safeguard the future performance on timing and profit objectives for delivery of projects.

The size of the Air market in Australia in which Clean TeQ operates is limited, so to grow the revenue for this business will require extending our reach into other parts of the world, notably Asia and the Middle East. The effects of air pollution are being felt on a daily basis in China where The Ministry of Environmental Protection Air Quality in China reported that in 74 major cities the air quality was deemed unsafe for nearly half of the days in the first six months of this year. In the Middle East, rapid infrastructure development in wastewater services opens up a growing odour control market for our products.

To this end, we are in discussions with parties on the potential opportunities available to enter these markets. An outcome of these discussions is expected in 2014.

CEO's Report CONTINUED

WATER DIVISION

Whilst the revenue for this Division in 2013 was small, at $0.7m without UV Guard which was divested at the beginning of the year, we continue to be certain that the potential opportunities for our newly developed water technologies are large and growing as we move into demonstration of the technology in selected water markets. The primary goal we have is to identify those markets with the burning need for a water treatment solution and gain traction in those selected markets.

We have identified key market opportunities in the desalination of produced water (Associated Water joint venture) in oil and gas operations and in the treatment of contaminated waters in mining applications.

In Australia, in response to the Asian energy demand, some $180 billion worth of liquefied natural gas (LNG) projects are being developed. Alongside this development is the need to treat water that is co-extracted. The treatment of produced water and the protection of the aquifers are a high priority for the coal seam gas companies.

While coal seam gas companies have been using conventional technology at large scale, recent legislation has changed the priorities to emphasise the beneficial reuse aspects for water and salts within the local community. Our technology and business approach emphasises a decentralised approach, local treatment and beneficial reuse of water and salts in the community from where the underground water is taken.

During 2013, Associated Water (a Joint Venture with Nippon Gas Co, Ltd.) conducted extensive trials of our new Continuous Ionic Filtration (CIF™) process treating produced water in Queensland. Representatives of the gas companies, government officials and engineering companies visited the site and were introduced to the benefits of the technology. A globally recognised water consultancy has produced an internal report for Associated Water detailing the ability of the process to achieve above standard results for water recovery, energy use and brine reuse. The CIF™ process successfully removed salt from the produced water to allow the treated water to be used for general agricultural purposes including livestock and irrigation for fodder crops. When combined with a water recovery of 90% this result represents an exceptional outcome.

The Continuous Ionic Filtration process has all the attributes that warrants its use for produced water treatment; including high water conversion, low brine production, low energy and simple operation, combined with lower capital costs and lower operational costs compared to alternative processes. Plants can be constructed as centralised water treatment facilities, or as mobile units servicing disparate areas and allowing treatment at source. It can also be configured to remove species such as toxic fluoride from produced water and allow direct agricultural use and as a pre-treatment for the conventional membrane processes. We expect that 2014 will see the first CIF™ plants processing produced water with a tolling business model being our preferred method.

In addition to the use of our technology for oil and gas applications, other opportunities exist for this technology in the mining sphere. An example of this was presented during the year for the removal of sulphates from mining waters where our technology was tendered and selected as the best and most cost effective. This marketplace for sulphate and other contaminant removal, such as selenium, arsenic, nitrate and mercury, is large in the treatment of mine, coal and flue gas desulphurisation waters, with significant application to markets in the Americas. Whilst the current mine water project is delayed whilst a study is conducted to look at the mine water balance, other projects are now being identified where Continuous Ionic Filtration offers the best outcome for our client.

RESOURCE RECOVERY DIVISION

The Resource Recovery Division has been operating with reduced resource during this year. Work has concentrated on the application of the platform Clean-iX® technology for the recovery of scandium from by-product streams such as refinery sludge and mining tailings. A patent has been applied for this application which adds to the overall IP base of the Company.

Following the signing of a letter of intent (LOI) in November 2012 with Ishihara Sangyo Kaisha, Ltd., Japan, we have focussed on the separation and purification of scandium from titanium dioxide process streams. Pursuant to this LOI, Clean TeQ agreed to undertake work in partnership with ISK to demonstrate the effectiveness of the Clean-iX® technology as a primary step in the production of a high purity scandium. The final purification steps were undertaken by an external research organisation to produce refined scandium to 99.9% purity.

Upon a decision to proceed to a commercial scale plant, a $3.5m licence fee to Clean TeQ becomes payable. Work is continuing on this project with ISK in Japan, with Clean TeQ anticipating an investment decision in the 2014 financial year.

This project with ISK has indicated the potential for the application of Clean-iX® extraction and separation technologies to the recovery of valuable metals from wastes with the technology having worldwide applications.

FUNDING

With the delay in licence fees and the lowered performance of the normally profitable Air Division Clean TeQ needed to raise funds for the working capital needs of the business. Short term loans were sourced from related parties on an arm's length basis, and late in the year Mr Robert Friedland agreed to invest over $3.5m into the business. The first tranche occurred in the 2013 financial year.

Mr Friedland has extensive global interests in the mining sector which will strategically assist Clean TeQ in this area.

At 30 June 2013 the Company had $1.081 million cash and cash equivalents, along with $0.290 million in term deposits to cover project guarantees.

FINALLY

With the investment from Mr Friedland, we welcome a new Chairman to the Board, Mr Sam Riggall. Mr Greg Toll has moved to an Executive Director role and Mr Bob Cleary has now retired from the Board. In July 2013, Mr Ian Knight has been appointed as an Independent Non-Executive Director and Chairman of the Audit Committee.

Bob Cleary has been a long term Director of the Company and has contributed extensively to the business strategy and direction over this period. We wholeheartedly thank him for these contributions, and welcome the new Directors to the Board. It is also important to recognise the efforts of our employees over this difficult year with expectations of significant successes in the coming year.

Yours faithfully

Peter Voigt
Chief Executive Officer

Our People

- Clean TeQ consists of a group of professionals, especially engineers and chemists who are specialised in the technologies that are owned by the Company, many of whom have been with the business for an extended period.
- The skill base continues to increase as the development of the core technologies progresses.
- Global opportunities will become apparent as other geographies are developed for the technologies.
- A full-time CFO (Tony Panther) and full-time COO (Cory Williams) were appointed during the year to increase the management depth, especially for growth with commercialisation of technologies.
- Following investment from Robert Friedland, a new non-executive Chairman (Sam Riggall) was appointed with extensive resources and international business experience.
- An additional non-executive Director (Ian Knight) was appointed with substantial experience in business consulting and consolidation, to further strengthen the Board.

Mr Sam Riggall
Non-executive Chairman

Mr Peter Voigt
Chief Executive Officer

Mr Greg Toll
Executive Director

Mr Roger Harley
Non-executive Director

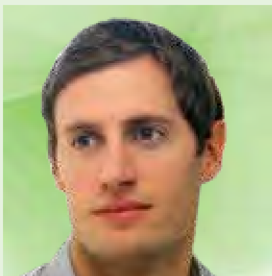
Mr Ian Knight
Non-executive Director

Mr Cory Williams
Chief Operating Officer

Mr Tony Panther
Chief Financial Officer

Ms Melanie Leydin
Company Secretary

Mr Matthew Lakey
General Manager
– Air Division



Mr John Carr
General Manager
– Water Division

Financial Report

FOR THE YEAR ENDED 30 JUNE 2013

Clean TeQ Holdings Limited and its controlled entities
ABN 34 127 457 916

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DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of CleanTeQ Holdings Limited (referred to hereafter as the 'parent entity', 'the Company' or 'CleanTeQ') and the entities it controlled, and interests in associates for the year ended 30 June 2013, and the auditor's report thereon.

DIRECTORS

The following persons were directors of Clean TeQ Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Sam Riggall (Chairman and Non-Executive Director, appointed 4 June 2013)
- Peter Voigt (Executive Director and Chief Executive Officer)
- Greg Toll (Executive Director, resigned as Chairman on 4 June 2013)
- Roger Harley (Independent Non-Executive Director)
- Bob Cleary (Independent Non-Executive Director, retired 6 June 2013)
- Ian Knight (Independent Non-Executive Director, appointed 17 July 2013)

PRINCIPAL ACTIVITIES

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Providing air purification and odour elimination solutions to customers;
- The continued development and use of the Clean-iX® and proprietary CIF™ Technologies in conjunction with other technologies, which can be used for the purification and recycling of waste water and for desalination of brackish water to produce high quality industrial water. A licence for the use of the proprietary CIF™ technology is held and operated by Associated Water Pty Ltd, a Joint Venture with Nippon Gas Co., Ltd, for the recovery of clean water in the coal seam gas industry in Australia. The consolidated entity holds a 50% stake in the Joint Venture; and
- The continued development and use of the Clean-iX® Technology which can be used to extract a range of resources in the mining industry including base metals, precious metals and radioactive elements.

There have been no other significant changes in the nature of the consolidated entity's activities during the financial year.

DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to $4,631,000 (30 June 2012: profit of $1,248,000).

Overview of the consolidated entity

During the course of this year the consolidated entity experienced difficulties with delivery of some Air projects in line with budgets, and the completion of the purification of scandium from secondary industrial streams in Japan. These two areas cost the consolidated entity in terms of revenue and profitability. The consolidated entity continued to invest in R&D and to increase the intellectual property portfolio of the business predominantly in water purification and scandium recovery. Additionally, Clean TeQ was selected as the preferred tenderer for a mining water project in Asia against global competition.

Actions have been taken to correct the delivery issues in the Air Division with personnel and systems changes so as not to experience these conditions in the future. The current projects being delivered have reverted to more normal margins. The uptake of new technologies for the water and mining markets relies on our ability to show the advantages to prospective customers and to have them willing to implement them in light of entrenched attitudes related to known "safe" technologies. This process is continuing with a number of potential opportunities.

Financial review of operations

During the financial year the consolidated entity's revenues were down from $12.035 million to $10.424 million, largely due to the revenues generated in the water purification segment in 2012, which were of a one-off nature. The consolidated entity recorded losses for the year from continuing operations of $5.213 million after tax (2012: $1 million profit). This was as a result of the reduced revenue, cost overruns on key projects in the Air Division, and of an impairment of development assets of $1 million (see note 19 to the financial statements).

A profit from discontinued operations of $0.582 million was reported for the current year (2012: $0.248 million), resulting from the disposal of UV Guard operations in July 2012 for $1.8 million (see note 9 to the financial statements).

The Air Division revenue grew to $8.9m, a growth of near 50%. This growth rate led to the need to recruit quickly to be able to deliver projects, with this recruitment and the inherent risks associated with rapid growth, as well as the limitations of existing systems to manage projects and growth leading to significant time and cost overruns on projects. The margins in two key projects were reduced which led to a poor result for this division. New projects are being delivered in line with prior years.

The revenue in the Water Purification and Resource Recovery Divisions was small with the key emphasis on technology development. In the water area, the emphasis was on the demonstration of the purification of coal seam gas water in Queensland; whilst the resources area concentrated on the extraction and purification of scandium. These areas are anticipated to produce substantial revenues in the future.

The focus on development of the applications resulted in $1.517 million of expenditure being capitalised into intangible assets during the year. This expenditure, along with the net cash outflows from operating activities of $3.775 million was financed by short term debt financing. During the year the consolidated entity received short term loans of $1 million from Associated Water Pty Ltd (a company in which the consolidated entity holds a 50% interest) and $0.7 million from Toll Associates Pty Ltd, a company co-owned by Greg Toll. In addition, the consolidated entity issued convertible notes to Mr Robert Friedland, receiving $1.841 million during the year, and a further $1.732 million subsequent to 30 June 2013 (see note 21 to the financial statements for details of borrowings and note 41 for details of events after the reporting period).

As a result of the above, at 30 June 2013 the consolidated entity had net assets of $11.195 million, including net current liabilities of $1.252 million, which includes the loans received and convertible note liability outlined above. The consolidated entity will continue to develop the Clean-IX technology to commercialise applications in the Water Purification and Resource Recovery Divisions.

Further details of the consolidated entity's operations are contained in the Chief Executive Officer's Report preceding this report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year the consolidated entity completed the sale of UV Guard Australia Pty Ltd, the details of which are set out in note 9 to the financial report.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 2 August 2013 the consolidated entity issued 17,317,866 unlisted convertible notes, with a conversion price of $0.10 (10 cents) per share, interest rate of 10% per annum and a maturity date of 1 August 2016. The price of each convertible note was $0.10 (10 cents), and the issue raised a total of $1,731,787 before costs.

No other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The consolidated entity will continue to pursue its objectives of advancing the development of its suite of applications for the treatment of water for use with the water and resource sectors, along with continued development of its air filtration applications. This will include further commercial development of the applications that are both currently in use and in development and advancing the market penetration strategies to enable the consolidated entity to fully exploit the potential of its products in the Resource Recovery and Water Purification Divisions.

The consolidated entity intends to fund its development through operational revenues from contracts entered into, and through securing additional contracts throughout the year. The consolidated entity will consider both debt and equity funding should the need arise.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

ENVIRONMENTAL REGULATION

The consolidated entity is not subject to any specific significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of environmental requirements as they apply to the consolidated entity.

INFORMATION ON DIRECTORS

Sam Riggall	Chairman & Non-Executive Director
Qualifications	MBA
Experience and expertise	Sam is a graduate in law and commerce and an MBA from Melbourne University. He was previously Executive Vice President of Business Development and Strategic Planning at Ivanhoe Mines Ltd. Prior to that Sam worked in a variety of roles in Rio Tinto for over a decade covering project generation and evaluation, business development and capital market transactions. Sam has been appointed to the Clean TeQ Board and has been elected Chairman by the Board, and is a member of the Audit Committee and the Nomination and Remuneration Committee.
Other current directorships	Nil
Former directorships (in the last 3 years)	Inova Resources Limited (ASX Code: IVA, formerly Ivanhoe Australia Limited, resigned 19 April 2012)
Special responsibilities	Sam is a member of the Audit Committee and of the Nomination and Remuneration Committee.
Interests in shares	Nil
Interests in options	Nil

Peter Voigt	Executive Director and Chief Executive Officer
Qualifications	Peter has a Bachelor and Masters of Applied Science (Chemistry) from the Royal Melbourne Institute of Technology.
Experience and expertise	Peter Voigt established CleanTeQ in 1990 and was CleanTeQ's Chief Technology Officer, responsible for all research and development activities and the negotiation and management of overseas licences. He became a director of the Company on 10 September 2007. On 2 August 2010 Peter was appointed Chief Executive Officer. Peter is a biochemist, with extensive experience in product development, technology commercialisation and developing complete engineering solutions. Prior to founding CleanTeQ, Peter held product and technology development roles with Arnott's and Uncle Bens'.
Other current directorships	Nil
Former directorships (in the last 3 years)	Nil
Special responsibilities	Nil
Interests in shares	25,831,596 fully paid ordinary shares
Interests in options	1,000,000 unlisted options exercisable at $0.1935 (19.35 cents) per option

Greg Toll	Executive Director
Qualifications	Greg has a Bachelor of Science (Veterinary) Degree with First Class Honours from Sydney University and is a Graduate Member of the Australian Institute of Company Directors.
Experience and expertise	Greg Toll was appointed the Chief Executive Officer of the Company in 2007 and has been with the predecessor Company since 2001. He became a Director of the Company on 10 September 2007. Greg retired as the Chief Executive Officer of the Company with effect from 2 August 2010 and was appointed Executive Chairman on 1 October 2010. On 4 June 2013 Greg resigned as Chairman. Prior to joining Clean TeQ, Greg held senior executive positions in R&D, sales and marketing with Uncle Bens', Masterfoods, Nestle and Lion Nathan.
Other current directorships	Nil
Former directorships (in the last 3 years)	Nil
Special responsibilities	Greg is a member of the Market Disclosure Committee
Interests in shares	13,070,229 fully paid ordinary shares
Interests in options	1,000,000 unlisted options exercisable at $0.1935 (19.35 cents) per option

Roger Harley	Independent Non-Executive Director
Qualifications	Roger has a science degree from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors.
Experience and expertise	Roger Harley is a founder and principal of independent corporate advisory firm, Fawkner Capital. He is also a Non-Executive Director of National Financial Solutions. Previously he worked 11 years for Deutsche Bank, and held positions including Director of Corporate Finance and Director of Equity Capital Markets. Roger Harley has had various appointments by the Commonwealth Government that related to the oversight of innovation and venture capital programs and policies. These include membership of the Pooled Development Funds Registration Board, the Industry Research and Development Board and Innovation Australia. His previous Board positions include Director of Medibank Private. He was appointed as a Director on 1 June 2010.
Other current directorships	Nil
Former directorships (in the last 3 years)	Nil
Special responsibilities	Roger is a member of the Audit Committee and Chair of the Nomination and Remuneration Committee and Market Disclosure Committee.
Interests in shares	1,551,718 fully paid ordinary shares
Interests in options	500,000 unlisted options exercisable at $0.1935 (19.35 cents) per option

Ian Knight	Independent Non-Executive Director
Qualifications	FCA, CPA
Experience and expertise	Ian is a graduate in Business Studies and is also a fellow of the Institute of Chartered Accountants, a member of the Australian Society of Certified Practicing Accountants, an Associate Fellow of the Australian Institute of Management and a member of the Institute of Company Directors. His experience includes presenting and working with Boards of Public, Private and Private Equity ownership, State and Federal Governments and provides extensive experience in strategising and implementing mergers, acquisitions, divestments and capital raising initiatives. Ian was also formerly a Partner of KPMG and was Head of Private Equity for KPMG Corporate Finance. Currently he is a Director of Rockwell Corporate Pty Ltd.
Other current directorships	Nil
Former directorships (in the last 3 years)	Nil
Special responsibilities	Chair of the Audit Committee
Interests in shares	100,000 fully paid ordinary shares
Interests in options	None

Bob Cleary	Independent Non-Executive Director (retired 6 June 2013)
Qualifications	B. Sc(tech) Chem Eng, graduated as a Chemical Engineer from the University of NSW.
Experience and expertise	Bob Cleary was employed for 18 years by the Rio Tinto/North Ltd/Energy Resources Australia Limited Group. His last position with that organisation was Managing Director of Energy Resources of Australia Limited from July 1999 to January 2004. Since 2004 Bob has continued to be involved in the Australian and international resources industry through his role as a Director of a number of resources companies, as well as industry consultant. Bob retired from the Board on 6 June 2013.
Other current directorships	Nil
Former directorships (in the last 3 years)	Natasa Mining Limited (company de-listed from ASX on 29 June 2010) Stonehenge Mineral Limited (ASX Code: SHE, resigned 21 August 2012) Crossland Uranium Mines Limited (ASX Code: CUX, resigned 24 February 2013)
Special responsibilities	Nil
Interests in shares	Nil
Interests in options	500,000 unlisted options exercisable at $0.1935 (19.35 cents) per option

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years) quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Melanie Leydin was appointed to the position of Company Secretary and Chief Financial Officer on 7 July 2011, resigning as Chief Financial Officer on 10 January 2013. Melanie is a Chartered Accountant and is a Registered Company Auditor.

She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm, Leydin Freyer.

Her practice audits listed and unlisted public companies involved in the resources and biotechnology industry. Her practice also provides outsourced company secretarial and accounting services to public companies in the resources sector. This includes preparation of statutory financial statements, annual reports, half year reports, stock exchange announcements and quarterly ASX reporting and other statutory requirements.

Melanie has over 20 years experience in the accounting profession and is a director and/or company secretary for a number of oil and gas, junior resources and exploration entities on the Australian Stock Exchange.

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors ('the Board') and of each board committee held during the year ended 30 June 2013, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit Committee	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**
Peter Voigt	13	14	-	-	-	-
Greg Toll	14	14	-	-	-	-
Bob Cleary	13	14	2	2	3	3
Roger Harley	14	14	2	2	3	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

No meetings of the Market Disclosure Committee were held during the year. In addition, no relevant meetings were held subsequent to Sam Riggall's appointment as a director on 4 June 2013. Ian Knight was appointed subsequent to the balance date.

REMUNERATION REPORT (AUDITED)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations. Remuneration is referred to as compensation throughout the Remuneration Report.

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

D Share-based compensation

E Additional information

A Principles used to determine the nature and amount of remuneration

The Board of Directors are responsible for approving the compensation arrangements for the Directors and senior executives following recommendations received from the Remuneration and Nomination Committee. The Board in conjunction with the Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the consolidated entity. Key management personnel as identified for the purposes of this report by the criteria set out are as follows:

- Sam Riggall – Chairman and Non-Executive Director
- Peter Voigt – Executive Director and Chief Executive Officer
- Greg Toll – Executive Director
- Roger Harley – Independent Non-Executive Director
- Bob Cleary – Independent Non-Executive Director
- Tony Panther – Chief Financial Officer
- Melanie Leydin – Company Secretary

There were no other employees in the consolidated entity that met the definition of an executive or key management personnel in accordance with the Corporations Act 2001 or the Australian Accounting Standards.

Compensation levels for key management personnel and the Company Secretary are competitively set to attract and retain appropriately qualified and experienced directors and executives. As and when required the Nomination and Remuneration Committee has access to independent advice on the appropriateness of compensation packages given trends in comparative companies and the objectives of the compensation strategy. Independent advice was not sought during the 2013 or 2012 financial years.

The compensation structures explained below are designed to attract and retain suitably qualified candidates, reward the achievement of strategic objectives, and create the broader outcome of creating value for shareholders. The compensation structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the relevant segments' performance;
- the consolidated entity's performance including:
    - the consolidated entity's earnings;
    - the growth in share price and delivering constant returns on shareholder wealth; and
    - the amount of incentives within each key management person's compensation.

The directors and executives remuneration and incentive policies and practices are performance based and aligned to the consolidated entity's vision, values and overall business objectives. They are designed to motivate key management personnel to pursue the consolidated entity's long term growth and success.

Compensation packages include a mix of fixed and variable compensation and short and long-term performance- based incentives.

In addition to their salaries, the consolidated entity also provides non-cash benefits to its key management personnel, and contributes to post-employment superannuation plans on their behalf.

Fixed remuneration

Fixed compensation consists of base compensation as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually by the Nomination and Remuneration Committee through a process that considers individual, segment and overall performance of the consolidated entity. An executive's compensation is also reviewed on promotion.

Performance-linked remuneration

Performance-linked compensation includes both short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short-term incentive ("STI") is an "at risk" bonus provided in the form of cash and bonus shares, while the long-term incentive ("LTI") is provided as options over ordinary shares of the Company under the rules of the Employee Share Option Plan. The Board did exercise discretion on the payment of bonuses and options as the plans provide for such discretion.

Refer to section E of this remuneration report for an analysis of the consolidated entity's recent performance and link to overall remuneration.

Short-term incentive bonus

Each year the Nomination and Remuneration Committee sets the key performance indicators ("KPI's") for the key management personnel. The KPI's generally include measures relating to the consolidated entity, the relevant segment and the individual, and include financial, staff management, safety, customer and strategy and risk measures. The measures are chosen as they directly align the individual's reward to the KPI's of the consolidated entity and to its strategy and performance.

The financial performance objectives are earnings compared to budgeted amounts and "share price growth" compared to the closing price at 30 June in the corresponding previous period. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, safety and environmental performance, customer satisfaction and staff development. Financial and non-financial objectives each account for up to 50 percent of the maximum STI.

At the end of the financial year, the Nomination and Remuneration Committee assesses the actual performance of the consolidated entity, the relevant segment and individual against the KPI's set at the beginning of the financial year. A percentage of the pre-determined maximum amount is awarded depending on results. No bonus is awarded where performance falls below the minimum. A bonus is paid based on this predetermined performance. There were no bonuses or incentives paid during the 2012 and 2013 financial years.

Long-term incentive

Options are issued under the Employee Share Option Plan and it provides for key management personnel to receive options over ordinary shares for no consideration. The ability to exercise the options is conditional upon each employee serving minimum service periods.

The Employee Share Option Plan which was adopted on 24 September 2007 states that the total number of options on issue must not exceed 10% of the total number of issued shares in the Company. The Nomination and Remuneration Committee in conjunction with the Board determine the number of options and the terms and conditions associated with those options that are to be issued to key management personnel and employees each year. The criteria used to assess the number of options issued include consolidated entity performance, individual performance and an industry analysis of best practice. The method of assessment was chosen as it provides the Nomination and Remuneration Committee with an objective means of measuring performance against expected performance.

The Company has adopted an Employee Tax Exempt Share Plan which allows eligible employees of the consolidated entity the opportunity to become shareholders of the Company without having to pay any amount for the acquisition of the Shares.

Each eligible employee is entitled to acquire the equivalent of $1,000 of shares per annum. These shares are required to be held in escrow for a three year period or until such time as eligible employees terminate their employment with the consolidated entity.

Short-term and long-term incentive structure

The Nomination and Remuneration Committee considers that the above performance-linked compensation structure will generate the desired outcome.

In the current year the consolidated entity has not achieved its forecast earnings targets, with most segments not meeting budgeted results. The level of performance achieved during the current year has resulted in the minimum short-term incentives not being achieved, which has led to no short term incentives being paid to the key management personnel.

Non-Executive Directors

The Constitution provides that the Non-Executive Directors may be paid or provided remuneration for their services the total amount or value of which must not exceed an aggregate maximum of $500,000 per annum or such other maximum amount determined from time to time by the Company in a general meeting. The aggregate maximum sum will be apportioned among them in such manner as the Directors in their absolute discretion determine. Non-Executive Directors fees are set based on advice from external advisors with reference to fees paid to other Non- Executive Directors of comparable companies.

Non-Executive Directors do not receive performance related remuneration. Directors' fees cover all main Board and Committee activities.

A Non-Executive Director is entitled to be paid travelling and other expenses properly incurred by them in attending Directors' or general meetings of the Company or otherwise in connection with the business of the consolidated entity.

No retirement benefits are to be paid to Non-Executive Directors.

The Company determines the maximum amount for remuneration, including thresholds for share-based remuneration, for Directors by resolution.

Other benefits

Key management personnel can receive non-cash benefits as part of their base compensation as part of the terms and conditions of their appointment. Non-cash benefits typically include motor vehicles and toll road payments. The Company pays fringe benefits tax on these benefits.

Voting and comments made at the company's 18 November 2012 Annual General Meeting ('AGM')

The company received 97.5% of 'for' votes in relation to its remuneration report for the year ended 30 June 2012. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

2013	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	$	$	$	$	$	$	$
NON-EXECUTIVE DIRECTORS							
Bob Cleary****	45,835	-	-	-	-	13,250	59,085
Roger Harley****	45,871	-	-	4,128	-	13,250	63,249
EXECUTIVE DIRECTORS							
Peter Voigt	240,000	-	-	21,600	3,115	27,500	292,215
Greg Toll	150,000	-	-	13,500	-	27,500	191,000
OTHER KEY MANAGEMENT PERSONNEL							
Melanie Leydin	96,000	-	-	-	-	-	96,000
Tony Panther*	83,686	-	-	7,531	-	-	91,217
	661,392	**-**	**-**	**46,759**	**3,115**	**81,500**	**792,766**

* Tony Panther was appointed as Chief Financial Officer on 10 January 2013 and as a result details of his remuneration are from that date.

** Share based payments include options granted to key management personnel, and share issued to Greg Toll and Peter Voigt under the employee share scheme. See section D.

*** Sam Riggall was appointed as Chairman on 6 June 2013. He received no remuneration during the period up to 30 June 2013.

**** Options granted to Non-Executive Directors do not have any performance conditions attached.

2012	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	$	$	$	$	$	$	$
NON-EXECUTIVE DIRECTORS							
Bob Cleary	41,686	-	-	-	-	-	41,686
Roger Harley	45,872	-	-	4,128	-	-	50,000
EXECUTIVE DIRECTORS							
Peter Voigt	240,000	-	-	21,600	8,344	1,000	270,944
Greg Toll	150,000	-	-	18,676	-	1,000	169,676
OTHER KEY MANAGEMENT PERSONNEL							
Melanie Leydin*	78,000	-	-	-	-	-	78,000
Marc Lichtenstein**	24,107	-	-	2,169	-	1,000	27,276
Ross Dive***	140,000	-	-	12,600	-	1,000	153,600
	719,665	**-**	**-**	**59,173**	**8,344**	**4,000**	**791,182**

* Melanie Leydin was appointed Chief Financial Officer on 7 July 2011 and as a result details of her remuneration are from that date.

** Marc Lichtenstein resigned as Chief Financial Officer on 7 July 2011 and as a result details of his remuneration are included to that date.

*** Ross Dive is executive director of the company's 100% owned subsidiary, UV Guard Australia Pty Ltd.

The fair value of the options is calculated at the date of grant using either the Binomial or Black-Scholes option valuation model. Refer to notes 2 and 45 of the financial statements for further details. The fair value of ordinary shares issued is calculated at the date of grant with reference to the market value.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk – STI		At risk – LTI	
	2013	2012	2013	2012	2013	2012
NON-EXECUTIVE DIRECTORS						
Bob Cleary	100%	100%	-	-	-	-
Roger Harley	100%	100%	-	-	-	-
EXECUTIVE DIRECTORS						
Peter Voigt	100%	100%	-	-	-	-
Greg Toll	100%	100%	-	-	-	-
OTHER KEY MANAGEMENT PERSONNEL						
Melanie Leydin	100%	100%	-	-	-	-
Tony Panther	100%	-	-	-	-	-
Marc Lichtenstein	-	96%	-	-	-	4%
Ross Dive	-	99%	-	-	-	1%

C Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Peter Voigt	Executive Director and Chief Executive Officer
Agreement commenced	March 2011, remuneration updated 1 July 2013
Term of agreement	No fixed term
Details	From 1 July 2013 remuneration is set at a base salary of \$200,000 per annum plus superannuation of \$18,500 based on duties as executive director. For the year ended 30 June 2013 remuneration was set at a base salary of \$240,000 per annum plus superannuation of \$21,600. The Company may terminate the agreement upon six month's notice. Mr Voigt can terminate the agreement upon three month's notice. The Company may terminate the agreement immediately where the executive commits any act of serious misconduct, persistent breach or non-observance of a term of this agreement.

Greg Toll	Executive Director (previously Chairman until resigned on 4 June 2013)
Agreement commenced	March 2011, remuneration updated 1 July 2013
Term of agreement	No fixed term
Details	From 1 July 2013 remuneration is set at a base salary of $100,000 per annum plus superannuation of $9,250 based on duties as executive director. During the year ended 30 June 2013 remuneration was set at a base salary of $150,000 per annum plus superannuation of $13,500 for services as Chairman and executive director. The Company may terminate the agreement upon six month's notice. Mr Toll can terminate the agreement upon three month's notice. The Company may terminate the agreement immediately where the executive commits any act of serious misconduct, persistent breach or non-observance of a term of this agreement.

Tony Panther	Chief Financial Officer
Agreement commenced	December 2012
Details	Remuneration set at base salary of $175,000 per annum plus superannuation based on duties as chief financial officer. The Company may terminate the agreement upon three month's notice. Mr Panther can terminate the agreement upon three month's notice. The Company may terminate the agreement immediately where the executive commits any act of serious misconduct, persistent breach or non-observance of a term of this agreement.

The service contracts outline the components of compensation paid to the key management personnel. The service contracts of the key management personnel prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

D Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2013 are set out below:

	Date	No. of shares	Issue price	$
Peter Voigt	13 August 2012	8,333	$0.120	1,000
Greg Toll	13 August 2012	8,333	$0.120	1,000

* Shares were issued in accordance with the terms and conditions of the CleanTeq Holdings Limited Employee Tax Exempt Share Plan.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price at grant date	Fair value per option
15 November 2012	Immediately	30 November 2015	$0.194	$0.0265

Options granted carry no dividend or voting rights.

All options were granted and vested in the financial year 2013.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2013 are set out below:

	Number of options granted during the year		Number of options vested during the year	
	2013	2012	2013	2012
Bob Cleary	500,000	-	500,000	-
Roger Harley	500,000	-	500,000	-
Peter Voigt	1,000,000	-	1,000,000	-
Greg Toll	1,000,000	-	1,000,000	-

All options listed above were granted and fully vested in the 2013 financial year.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2013 are set out below:

	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year
	$	$	$	%
Bob Cleary	13,250	-	-	22
Roger Harley	13,250	-	-	21
Peter Voigt	26,500	-	5,460	9
Greg Toll	26,500	-	5,460	14

* Options vested in prior years and expired in the current year are disclosed in note 45 to the financial statements.

Equity instruments

During the course of the 2008 financial year the Company introduced a share option plan for employees and Directors of Clean TeQ ("the Plan"). All options refer to options over ordinary shares of Clean TeQ Holdings Limited, which are exercisable on a one-for-one basis under the Employee Share Option Plan. The broad details of the Plan are set out below:

(a) Under the Plan, eligible persons will be offered, and if accepted, granted, options entitling the holder to subscribe for Shares. The options may be subject to vesting and exercise restrictions which will be determined by the Board at the time of issue. If a person no longer qualifies for the Plan, they will have three months to exercise any options which are capable of being exercised (except in limited circumstances).

(b) It is intended that the exercise price will generally be at or in excess of the prevailing volume weighted average sale price of Shares traded on ASX in the period immediately prior to the date of offer of the options.

(c) The Board has at its discretion the ability to waive any conditions under certain limited circumstances and/or to allow options to be exercised and Shares acquired or transferred for monetary consideration equivalent to their value. The options are not otherwise transferable once granted.

(d) The determination of eligibility to participate is at the absolute discretion of the Board. The Board may also determine at its absolute discretion the applicable performance criteria to be achieved and the time period in which those criteria must be satisfied. While not limiting the Board's discretion, the performance criteria are generally focused on the key financial and other performance measures set by the Company.

E Additional information

In considering the consolidated entity's performance and benefits for shareholder wealth, the current Nomination and Remuneration Committee have regard to the following profit after tax in the current and previous four financial years, along with the share price and movement in the share price.

The earnings of the consolidated entity for the five years to 30 June 2013 are summarised below:

	2009 $'000	2010 $'000	2011 $'000	2012 $'000	2013 $'000
Profit/(loss) after income tax	511	1,333	(5,274)	1,248	(4,631)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2009	2010	2011	2012	2013
Share price at financial year end ($A)	0.345	0.280	0.040	0.130	0.100
Movement in share price (A)	0.020	(0.065)	(0.240)	0.090	(0.030)

Net profit after income tax is considered as one of the financial performance targets in setting the short term incentives. Dividends and changes in share price are included in the total shareholder return calculation which is one of the performance criteria assessed for the long term incentives. The other performance criteria assessed for the long term incentives is growth in earnings per share, which again takes into account the consolidated entity's net profit after income tax.

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION

Unissued ordinary shares of Clean TeQ Holdings Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
30 June 2011	30 June 2014	$0.080	1,000,000
30 June 2011	30 June 2015	$0.250	500,000
30 June 2011	30 June 2016	$0.400	500,000
1 July 2010	1 July 2014	$0.310	115,000
1 July 2010	1 July 2015	$0.340	115,000
15 November 2012	30 November 2015	$0.194	3,000,000
			5,230,000

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

For details of options issued to directors and executives as remuneration refer to the remuneration report.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no shares of Clean TeQ Holdings Limited issued on the exercise of options during the year ended 30 June 2013 and up to the date of this report.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 33 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 33 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision- making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF KPMG

Ian Knight, recently appointed as a Non-Executive Director, was previously a Partner of KPMG and Head of Private Equity for KPMG Corporate Finance, until June 2012.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 26 and forms part of the directors' report for the financial year ended 30 June 2013.

AUDITOR

KPMG continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Peter Voigt
Director

6 September 2013
Melbourne

KPMG

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

To: the directors of Clean TeQ Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been:

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

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

KPMG

KPMG

Tony Batsakis
Partner

Melbourne

6 September 2013

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

The Board of Directors of Clean TeQ Holdings Limited ("The Company") are responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The Directors are focused on fulfilling their responsibilities individually and as a Board to all of the Company stakeholders. This involves the recognition of, and a need to adopt, principles of good corporate governance. The Board supports the guidelines of "The Corporate Governance Principles and Recommendations" established by the ASX Corporate Governance Council.

Given the size and structure of the Company, the nature of its business, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, the Company has adopted some modified systems, procedures and practices which it considers allow it to meet the principles of good corporate governance.

In accordance with the ASX Corporate Governance Council's recommendations, the Corporate Governance Statement must contain specific information, and also report on the Company's adoption of the Council's principles and recommendations on an exception basis, whereby disclosure is required of any recommendations that have not been adopted by the Company, together with the reasons why. The Company's corporate governance principles and policies are therefore structured with reference to the Corporate Governance Council's corporate governance principles and recommendations, which are as follows:

1. Lay solid foundations for management and oversight;
2. Structure the Board to add value;
3. Promote ethical and responsible decision making;
4. Safeguard integrity in financial reporting;
5. Make timely and balanced disclosure;
6. Respect the rights of shareholders;
7. Recognise and manage risk; and
8. Remunerate fairly and responsibly.

1. Lay Solid Foundations for Management and Oversight

The Board is responsible for the development of:

- strategy;
- oversight of management;
- risk management and compliance systems; and
- monitoring performance.

The Board has adopted a Board Charter the purpose of which is to promote high standards of corporate governance, clarify the role and responsibilities of the Board and enable the Board to provide strategic governance for the Group and effective management oversight. A copy of the Board Charter is available on the Company's website. The Board has established certain policies and protocols in relation to the Company's operations, some of which are summarised in the remainder of this statement.

2. Structure the Board to Add Value

The current composition of the Board consists of two Executive Directors and three Non-Executive Directors. Currently two of the Non-Executive Directors satisfy the test of independence. Two of the Directors have substantial shareholdings and are fulfilling an executive role in the Company.

Given the nature and size of the Company, its business interests and the stage of development, the Board is of the view that there is a broad mix of skills required and that given their experience each of the Directors are aware of and capable of acting in an independent manner and in the best interests of the shareholders.

The Chairman of the Board is not an independent Non-Executive Director. The roles of Chairman and Chief Executive Officer are not exercised by the same person. These roles are exercised by Sam Riggall who is the Non-Executive Chairman, whilst Peter Voigt is Chief Executive Officer.

To ensure the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board. Details of the Nomination and Remuneration Committee are provided below.

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified adviser at the consolidated entity's expense. The Director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation.

The Nomination and Remuneration Committee oversees the appointment and induction process for Directors and Committee members, and the selection, appointment and succession planning process of the Company's Chief Executive Officer. The Committee makes recommendations to the Board on the appropriate skill mix, personal qualities, expertise and diversity of each position. When a vacancy exists or there is a need for particular skills, the Committee in consultation with the Board determines the selection criteria based on the skills deemed necessary. The Committee identifies potential candidates. The Board then appoints the most suitable candidate. Board candidates must stand for election at the next general meeting of shareholders.

The terms and conditions of the appointment and retirement of Non-Executive Directors are set out in a letter of appointment, including expectations of attendance and preparation for all Board meetings, minimum hourly commitments, appointments to other Boards, the procedures for dealing with conflicts of interest, and the availability of independent professional advice.

The Nomination and Remuneration Committee also conducts an annual review of the performance of the Chief Executive Officer and the senior executives reporting directly to him and the results are discussed at a Board meeting.

The performance of the Board and executives is reviewed on an annual basis both collectively and individually. The performance criteria takes into account each Director's and Executive's contribution to setting the direction, strategy and financial objectives of the Consolidated entity, and monitoring compliance with regulatory requirements and ethical standards. During the course of the current financial year the Nomination and Remuneration Committee has reviewed the performance of all Directors and executives within the consolidated entity. Short term incentives may then be awarded by the Committee in accordance with the level of performance of each executive.

The Committee is responsible for determining and reviewing the remuneration and performance of the Directors and the Executive Officers of the Company and reviewing the operation of the Company's Employee Option and Share Plans. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating, and retaining executives with the skills to manage the Company's operations. Accordingly, the Board has established a Nomination and Remuneration Committee to focus on the performance of the Directors and executives within the organisation. This committee reports directly to the Board of Directors.

The consolidated entity has a formal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the consolidated entity concerning performance of directors. Directors also have the opportunity to visit the consolidated entity facilities and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

3. Promote Ethical and Responsible Decision Making

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. Consequently, the Company follows the Code of Conduct established by the Board, which sets out the principles and standards with which all officers and employees are expected to comply in the performance of their respective functions.

The Board has adopted a code of conduct for Directors and Senior Executives which fully complies with the regulation. The purpose of the code of conduct is to:

- articulate the high standards of honesty integrity, ethical and law-abiding behaviour expected of Directors and Senior Executives;
- encourage the observance of those standards to protect and promote the interests of shareholders and other stakeholders (including employees, customers, suppliers and creditors);
- guide Directors and Senior Executives as to the practices thought necessary to maintain confidence in the consolidated entity's integrity;

- set out the responsibility and accountability of Directors and Senior Executives to report and investigate any reported violations of this code or unethical or unlawful behaviour; and
- promote ethical and responsible decision-making by the Company in consideration of the reasonable expectations of its stakeholders, including shareholders, employees, customers, suppliers, creditors, consumers and the broader community in which it operates.

As the Board acts on behalf of and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

All employees and Directors of Clean TeQ are expected to observe the highest standards of honesty, ethics, integrity and law-abiding behaviour during the course of their employment with the Company.

The standards expected include:

- Compliance with Company policies, procedures and contracts;
- Compliance with all reasonable and legal instructions of management; and
- To be honest and fair in dealings with all stakeholders including clients, colleagues, Company management and the general public.

Specifically, Directors and Senior Executives are expected to:

- Act with integrity in the performance of their duties;
- Maintain client confidentiality;
- Avoid any conflicts of interest both directly and indirectly;
- Exercise proper courtesy, consideration and sensitivity in their dealings with clients and colleagues;
- Comply with the provisions of relevant legislation and ethical requirements of their profession;
- Respect the Company's ownership of all Company funds, equipment, supplies, records and property;
- Maintain during employment with the Company and after termination of employment, the confidentiality of any information acquired during the course of the employment with Clean TeQ;
- Not make any unauthorised statements to the media about the Company's business;
- Refrain from sexual or other unlawful harassment in the workplace; and
- Observe occupational health and safety rules.

Further details of the Company's Code of Conduct, including the full text of the code, can be found on the Company's website.

The Company has established a formal written Share Trading Policy which is required to be adhered to by all Directors, Senior Management and employees of the Company and its subsidiaries. Trading in the Company's shares and/or options over such shares by Directors and Executives of the Company should only occur in circumstances where the market is considered to be fully informed of the Company's activities. Directors, Executives and staff are required to discuss their intention to trade in the Company's shares with the Chairman of the Company prior to trading. The Board recognises that it is the individual responsibility of each Director and employee to carry this policy through. Furthermore, there is a clear understanding that the only appropriate time to trade is after an announcement to a fully-informed market. Further details of the Company's Share Trading Policy, including a full copy of the policy, is available on the Company's website.

Directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist Directors to disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered and may not vote on the matter. Details of Director related entity transactions with the Company and the consolidated entity are set out in the notes to the financial statements.

The Company has adopted a Diversity Policy that considers the benefits of diversity, ways to promote a culture of diversity, factors to be taken into account in the selection process of candidates for Board and senior management positions in their Company, education programs to develop skills and experience in preparation for Board and senior management positions, processes to include review measurable diversity performance objectives for the Board, CEO and senior management.

The Diversity Policy states that the Company will report, where appropriate, in each annual report, the measurable objectives for achieving gender diversity set by the Board.

The following table provides a break-up of the gender diversity in the organisation:

	Number	%
Number of women employees in the whole organisation	5	10
Number of women in senior executive positions	1	2
Number of women on the Board	-	-

4. Safeguard Integrity in Financial Reporting

In accordance with Recommendation 4.1 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the Board has delegated the responsibility for the establishment and maintenance of a framework of internal control mechanisms for the management of the Company to the Audit Committee.

The Company has had regard to the independence and expertise of each of its Directors, the level of the Company's current operations, the costs of compliance and the effectiveness of previous audits when determining the make up of its Audit Committee. The Audit Committee comprises of three Non-Executive Directors. The Company complies with the recommendation in that the majority of the members of the Committee are independent Non-Executive Directors. The Chair of the Audit Committee is a financial professional with significant experience in financial matters. The Chair of the Audit Committee is not the Chairman of the Board.

The Audit Committee members are:

- Ian Knight (Chairman) – Independent Non-Executive
- Roger Harley – Independent Non-Executive
- Sam Riggall – Non-Executive

The Audit Committee intends to meet at least 4 times per annum and is responsible for:

- reviewing the annual and half-year financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards (AASBs), and assessing whether the financial information is adequate for shareholder needs;
- assessing corporate risk assessment processes;
- assessing management processes supporting external reporting;
- establishing procedures for selecting, appointing, and if necessary, removing the external auditor;
- assessing the need for an internal audit function;
- assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review;
- providing advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001;
- assessing the adequacy of the internal control framework and the Company's code of ethical standards;
- organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board;
- monitoring the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements; and
- addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, ASX and financial institutions.

The Audit Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year to:

- discuss the external audit plan, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
- review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend Board approval of these documents, prior to announcement of results;
- review the draft annual and half-year financial report, and recommend Board approval of the financial report; and
- review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.

The external auditors, Chief Executive Officer and Chief Financial Officer are invited to attend Audit Committee meetings at the discretion of the Committee. The external auditor meets with the Audit Committee during the course of the year without management being present.

The Audit Committee operates under a formal charter approved by the Board. The Audit Committee's charter is available on the Company's website along with information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.

The Company does not have a Compliance Committee. The Chairman, Chief Executive Officer and Company Secretary monitor the Company's compliance requirements.

In accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the Chief Executive Officer and the Chief Financial Officer declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained, the Company's financial reports for the financial year ended 30 June 2013 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. This statement is required annually.

5. Make Timely and Balanced Disclosure

The Board and Senior Management are aware of the Continuous Disclosure requirements of the ASX and have procedures in place to disclose any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities.

The Board has established a Market Disclosure Protocol which includes the establishment of a Committee to help the Board to achieve its objective to establish, implement and supervise a continuous disclosure system.

The Market Disclosure Committee consists of:

- Greg Toll
- Roger Harley

The Market Disclosure Committee did not meet during the year as all disclosure issues were discussed by the Board as a whole.

The Board has appointed the Company Secretary as the Disclosure Officer of the Company. The Company Secretary is responsible for overseeing and coordinating the disclosure of information to the ASX, analysts, stockbrokers, shareholders, the media and the public. The Chief Executive Officer and Chairman are authorised to make statements and representations on the Company's behalf.

The Board provides shareholders with information using a comprehensive Market Disclosure Protocol which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and issuing media releases. More details of the protocol are available on the Company's website.

In summary, the Market Disclosure Protocol operates as follows:

- the Chief Executive Officer, and the Company Secretary are responsible for interpreting the Company's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX. Such matters are advised to the ASX on the day they are discovered subject to approval of the Market Disclosure Committee;
- the full annual report is provided via the Company's website to all shareholders (unless a shareholder has specifically requested to receive a physical copy or not to receive the document), including relevant information about the operations of the consolidated entity during the year, changes in the state of affairs and details of future developments;
- the half-yearly report contains summarised financial information and a review of the operations of the consolidated entity during the period. The half-year reviewed financial report is lodged with the ASX, posted on the Company's website and sent to any shareholder who requests it;
- the quarterly report contains summarised financial information and a review of the operations of the consolidated entity during the period. The quarterly financial report is lodged with the ASX;
- proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders;

- all announcements made to the market, and related information (including presentations provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX;
- some media briefings are web-cast, and are placed on the Company's website; and
- the full texts of notices of meetings and associated explanatory material are placed on the Company's website.

All of the above information is made available on the Company's website within one day of public release.

The Company is committed to giving all shareholders comprehensive and equal access to information about our activities and to fulfilling its continuous disclosure requirements to the wider market.

6. Respect the Rights of Shareholders

The Board aims to ensure that all shareholders are informed of major developments affecting the affairs of the Company. Information is communicated to the shareholders through the annual and half year reports, disclosures made to the ASX, notices of meetings and occasional letters to shareholders where appropriate.

The auditor is invited to attend each Annual General Meeting of the Company and to be available to answer shareholder questions about the conduct of the audit, accounting policies adopted by the Company, the preparation and content of the auditor's report and the independence of the auditor in relation to the conduct of the audit. The Chairman ensures that appropriate time is allocated to the auditor at the Annual General Meeting to answer all shareholder questions relevant to the conduct of the external audit.

7. Recognise and Manage Risk

The Board oversees the establishment, implementation, and annual review of the Company's Risk Management System. Management has established and implemented the Risk Management System for assessing, monitoring and managing all risks, including material business risks, for the consolidated entity.

The Board has procedures in place to recognise, assess and manage risk in accordance with the Corporate Governance Principles and Recommendations. The Board takes a proactive approach to risk management.

The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis. All risks identified by the Board are recorded in the Company's risk register and acted upon accordingly. The Company's objectives and activities are aligned with the risks and opportunities identified. The Board believes that it is crucial for all Board members to be a part of this process and as such the Board has not established a separate Risk Management Committee.

The Chief Executive Officer and Chief Financial Officer state to the Board, in writing, that the statement given in accordance with the Corporate Governance Principles and Recommendation regarding the integrity of financial statements is founded on a system of risk management and internal compliance and control that implements the policies adopted by the Board. The statement provided by Chief Executive Officer and Chief Financial Officer includes a comment that the risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

Management provide the risk profile on a six monthly basis to the Audit Committee that outlines the material business risks to the Company. Risk reporting includes the status of risks through integrated risks management programs aimed at ensuring risks are identified, assessed and appropriately managed. Management review the risk register on a quarterly basis to ensure that all risks are identified, acted upon or being monitored.

The Audit Committee reports the status of material business risks to the Board on a six monthly basis.

Each business operational unit is responsible and accountable for implementing and embedding the risk policy into the operations of its business unit.

Material business risks for the Company may arise from such matters as actions by competitors, government policy changes, economic conditions, the impact of exchange rate movements on the price of raw materials and sales, difficulties in sourcing raw materials, environment, occupational health and safety, property, financial reporting, and the purchase, development and use of information systems.

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities.

The Board's policy on internal control is comprehensive and comprises the Company's internal compliance and control systems, including:

- **Operating unit controls** – Operating units confirm compliance with financial controls and procedures including information systems controls detailed in procedures manuals;
- **Functional speciality reporting** – Key areas subject to regular reporting to the Board include Environmental, Legal and Insurance matters;
- **Investment appraisal** – Guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired or divested.

Comprehensive practices have been established to ensure:

- capital expenditure and revenue commitments above a certain size obtain prior board approval;
- occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- business transactions are properly authorised and executed;
- the quality and integrity of personnel (refer below);
- financial reporting accuracy and compliance with the financial reporting regulatory framework.

Formal appraisals are conducted at least annually for all employees. Training and development and appropriate remuneration and incentives with regular performance reviews create an environment of cooperation and constructive dialogue with employees and senior management. A formal succession plan is also in place to ensure competent and knowledgeable employees fill senior positions when retirements or resignations occur.

Monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly.

The Company is committed to protecting the environment and safeguarding public and employee health in all aspects of its operations. Environmental protection and safety are the responsibility of the Company, its employees, its alliance partners and suppliers of goods and services. Specifically, the Company will comply with the intent and provision of all applicable laws, regulations and standards.

8. Remunerate Fairly and Responsibly

It is the Company's objective to provide maximum shareholder benefit from the retention of high quality Board members and Executives. The Nomination and Remuneration Committee ensures that Directors and Senior Executives are remunerated fairly and responsibly. The Nomination and Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Executive Officers and Directors of the Company. It is also responsible for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies. Directors and Executives are remunerated with reference to market rates for comparable positions.

The Nomination and Remuneration Committee comprises:

- Roger Harley (Chairman) – Independent Non-Executive
- Ian Knight – Independent Non-Executive
- Sam Riggall – Non-Executive

The Board policy is that the Nomination and Remuneration Committee will comprise of at least three Non- Executive Directors the majority of which are independent. The Nomination and Remuneration Committee comprises of three Non-Executive Directors. The Company complies with the recommendation in that the majority of the members of the Committee are independent Non-Executive Directors. The Chair of the Nomination and Remuneration Committee is not the Chairman of the Board.

The Chief Executive Officer, Peter Voigt, is invited to Nomination and Remuneration Committee meetings, as required, to discuss senior executives' performance and remuneration packages but does not attend meetings involving matters pertaining to him.

Executive Directors and senior management's remuneration packages include fixed, performance based and equity based components. Non-Executive Directors only receive a fixed remuneration package which is not linked to the performance of the Company.

Further details of the Nomination and Remuneration Committee's charter and policies, including those for appointing Directors and senior executives, are available on the Company's website.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated	
		2013 $'000	2012 $'000
Revenue from continuing operations	5	10,424	12,035
Share of losses of joint ventures accounted for using the equity method	6	(161)	(153)
EXPENSES			
Changes in finished goods		140	(653)
Raw materials and other direct costs		(9,783)	(5,392)
Employee benefits expenses	7	(3,086)	(2,607)
Impairment of capitalised development costs	19	(1,000)	(123)
Depreciation and amortisation expenses	7	(568)	(490)
Legal and professional expenses		(701)	(821)
Occupancy expenses		(239)	(212)
Marketing expenses		(271)	(204)
Other expenses		(637)	(588)
Finance costs		(96)	(100)
Profit/(loss) before income tax benefit from continuing operations		(5,978)	692
Income tax benefit	8	765	308
Profit/(loss) after income tax benefit from continuing operations		(5,213)	1,000
Profit after income tax expense from discontinued operations	9	582	248
Profit/(loss) after income tax benefit for the year attributable to the owners of Clean TeQ Holdings Limited		(4,631)	1,248
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		1	(1)
Other comprehensive income for the year, net of tax		1	(1)
Total comprehensive income for the year		(4,630)	1,247
Total comprehensive income for the year is attributable to:			
Continuing operations		(5,212)	999
Discontinued operations		582	248
		(4,630)	1,247

	Note	Cents	Cents
Earnings per share from continuing operations attributable to the owners of Clean TeQ Holdings Limited			
Basic earnings per share	44	(3.626)	0.816
Diluted earnings per share	44	(3.626)	0.785
Earnings per share from discontinued operations attributable to the owners of Clean TeQ Holdings Limited			
Basic earnings per share	44	0.405	0.202
Diluted earnings per share	44	0.405	0.195
Earnings per share for profit/(loss) attributable to the owners of Clean TeQ Holdings Limited			
Basic earnings per share	44	(3.221)	1.018
Diluted earnings per share	44	(3.221)	0.980

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	Consolidated	
		2013 $'000	2012 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	1,081	1,454
Trade and other receivables	11	3,717	2,028
Inventories	12	1,625	1,801
Income tax receivable	13	683	421
Other financial assets	14	121	75
		7,227	5,779
Assets of disposal groups classified as held for sale	15	-	1,790
Total current assets		7,227	7,569
NON-CURRENT ASSETS			
Investments accounted for using the equity method	16	1,884	2,045
Other financial assets	17	169	117
Plant and equipment	18	372	442
Intangibles	19	10,068	10,002
Total non-current assets		12,493	12,606
Total assets		19,720	20,175
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	20	3,799	2,412
Borrowings	21	3,573	24
Employee benefits	22	259	282
Other	23	848	1,389
		8,479	4,107
Liabilities directly associated with assets classified as held for sale	24	-	172
Total current liabilities		8,479	4,279
NON-CURRENT LIABILITIES			
Borrowings	25	17	49
Deferred tax	26	-	70
Employee benefits	27	29	30
Total non-current liabilities		46	149
Total liabilities		8,525	4,428
Net assets		11,195	15,747
EQUITY			
Issued capital	28	13,149	13,151
Reserves	29	91	190
Retained profits/(accumulated losses)		(2,045)	2,406
Total equity		11,195	15,747

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Contributed equity	Reserves	Retained profits	Total equity
	$'000	$'000	$'000	$'000
CONSOLIDATED				
Balance at 1 July 2011	10,059	82	1,111	11,252
Profit after income tax benefit for the year	-	-	1,248	1,248
Other comprehensive income for the year, net of tax	-	(1)	-	(1)
Total comprehensive income for the year	-	(1)	1,248	1,247
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 28)	2,154	-	-	2,154
Share-based payments (note 45)	22	-	-	22
Share-based payments to consultants	-	156	-	156
Issue of shares related to business combination	94	-	-	94
Issue of shares as a result of a rights issue	1,013	-	-	1,013
Lapse of options	-	(47)	47	-
Cost of capital raised	(191)	-	-	(191)
Balance at 30 June 2012	13,151	190	2,406	15,747
Balance at 1 July 2012	13,151	190	2,406	15,747
Loss after income tax benefit for the year	-	-	(4,631)	(4,631)
Other comprehensive income for the year, net of tax	-	1	-	1
Total comprehensive income for the year	-	1	(4,631)	(4,630)
Transactions with owners in their capacity as owners:				
Share-based payments (note 45)	17	80	-	97
Lapse of options	-	(180)	180	-
Cost of convertible notes	(19)	-	-	(19)
Balance at 30 June 2013	13,149	91	(2,045)	11,195

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated	
		2013 $'000	2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		10,000	11,687
Payments to suppliers (inclusive of GST)		(14,140)	(12,027)
Interest received		34	60
Interest and other finance costs paid		(90)	(95)
Income taxes refunded		421	-
Net cash used in operating activities	42	(3,775)	(375)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	18	(47)	(232)
Development expenditure		(1,517)	(1,055)
Acquisition of other intangibles		-	(34)
Proceeds from sale of business, net of cash disposed		1,373	-
Net cash used in investing activities		(191)	(1,321)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	28	-	2,986
Proceeds from issue of convertible notes		1,841	469
Repayment of convertible notes		-	(1,167)
Repayment of finance lease		-	(5)
Payment of hire purchases		(29)	11
Payment for investment in associate		-	(120)
Proceeds from borrowings		1,700	-
Cash on deposit for security over bank guarantees		(98)	(192)
Net cash from financing activities		3,414	1,982
Net increase/(decrease) in cash and cash equivalents		(552)	286
Cash and cash equivalents at the beginning of the financial year		1,633	1,347
Cash and cash equivalents at the end of the financial year	10	1,081	1,633

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1. GENERAL INFORMATION

The financial report covers Clean TeQ Holdings Limited ('the Company') as a consolidated entity consisting of Clean TeQ Holdings Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Clean TeQ Holdings Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Clean TeQ Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

270-280 Hammond Road
Dandenong South
VIC 3175

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 6 September 2013. The directors have the power to amend and reissue the financial report.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of mandatory changes to Accounting Standards and Interpretations are disclosed below. The adoption of mandatory changes to Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 101 Presentation of Financial Statements

The consolidated entity has applied amendments to AASB 101 outlined in AASB 2011-9 "Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income". The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The amendments also introduced the term 'Statement of profit or loss and other comprehensive income' clarifying that there are two discrete sections, the profit or loss section (or separate statement of profit or loss) and other comprehensive income section. The change in accounting policy has had no impact on consolidated earnings per share and has been applied retrospectively.

Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity reported a net loss after tax from continuing operations for the financial year of $5,213,000 (2012: $1,000,000 profit). The net loss is directly attributable to a combination of operational factors that led to adverse results on a number of larger projects leading to poor margin results and losses and an impairment of intangible assets of $1 million (see note 19), and non-recognition of deferred tax assets of approximately $1 million. The operational factors included unforeseen delays and consequential cost overruns and adverse weather conditions, which increased costs on other projects. The reduced project margins were not sufficient to completely cover the consolidated entity's fixed cost base, resulting in the net loss after tax for the period. The Board is confident that these adverse operational factors were isolated, as they relate to specific projects that are close to being, or have already been, completed and will not recur in future financial years.

The working capital position as at 30 June 2013 of the consolidated entity results in an excess of current liabilities over current assets of $1,252,000 (2012: $3,290,000 excess of current assets over current liabilities). The cash and cash equivalents balance as at 30 June 2013 was $1,081,000 (2012: $1,454,000 excluding discontinued operations), with net cash outflows from operating activities of $3,775,000 for the year (2012: $375,000).

During the year and subsequent to 30 June 2013 the following events have taken place to support the going concern basis of preparation for the consolidated entity:

- The consolidated entity has entered into an agreement with Clean World Japan, an entity controlled by Nippon Gas Co Ltd for the licensing of a range of technologies. Under this agreement a once off license fee payment of $3.5m is payable upon the execution of the first technology agreement between Clean World Japan and a Japanese entity. This agreement is currently expected to be signed during the 2014 financial year;
- During the last 12 months the consolidated entity has been awarded contracts and agreed projects with revenue in excess of $4.9 million expected to be delivered in the 2014 financial year and has further trading and tender opportunities which are expected to lead to significant future sales;
- During the 2013 financial year, Mr Robert Friedland, a well-known and successful investor in mining and technology- related ventures, provided funding to the consolidated entity of $1.8 million by way of convertible notes which the consolidated entity has recognised as a current borrowing liability at 30 June 2013 (see note 21). Subsequent to the year-end Mr Friedland had provided a further $1.732 million via convertible notes which will also be recognised as a current borrowing liability. The consolidated entity expects that the relationship with Mr Friedland will assist in widening the consolidated entity's opportunities for profitable commercialisation of its technologies in addition to assisting in securing any further funding required;
- Discussions are occurring with global based engineering groups as potential partners for commercialisation of technologies, especially in the Water and Air areas. Specific ventures are envisaged within the next year, as licensing or joint venture arrangements with subsequent payments to the consolidated entity; and
- The directors are confident that the consolidated entity can access debt and equity funding to meet short term working capital requirements, and has a history of securing such funding as required in the past to support their confidence.

On the basis that sufficient funding is expected to be raised to meet the consolidated entity's expenditure forecasts, the directors consider that the consolidated entity remains a going concern and these financial statements have been prepared on this basis.

Whilst the directors are confident in the consolidated entity's ability to continue as a going concern, in the event the agreements and commercial opportunities described above do not eventuate as planned, there is uncertainty as to whether the consolidated entity will be able to generate sufficient net operating cash inflows or execute alternative funding arrangements to enable it to continue as a going concern. Consequently, material uncertainty exists as to whether the consolidated entity will continue as a going concern and the consolidated entity may be required to realise assets at amounts different to their carrying amounts in the statement of financial position, extinguish liabilities at amounts different to those recognised in the statement of financial position and settle liabilities other than in the ordinary course of business.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention except as described in the accounting policies.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 37.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Clean TeQ Holdings Limited ('company' or 'parent entity') as at 30 June 2013 and the results of all subsidiaries for the year then ended. Clean TeQ Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is obtained by the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the consolidated entity's interest in the associated entity.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Executive Officer in his capacity as the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, holding company expenses and income tax assets and liabilities.

Foreign currency translation

The financial report is presented in Australian dollars, which is Clean TeQ Holdings Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Sale of goods and services

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be reliably measured, then the discount is recognised as a reduction of revenue as the sales are recognised.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For sales of units developed and built, transfer usually occurs when the product is received at the customer's site and or is commissioned ready for use.

Rendering of services

Revenue from contracted services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the completion of key milestones in the contracts.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. Contract expenses are recognised as they are incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in profit or loss.

Technology licensing income

Technology licensing income is recognised based on the substance of the contractual arrangements entered into. Upfront non-refundable fees for the right to utilise the technology, where the economic entity has no ongoing contractual obligations, are recognised fully in profit or loss at the time the contractual commitment is entered into. Technology licensing fees where the licensee has the right to use the technology over a specified period of time or on a refundable basis is recognised in profit or loss on a straight line basis over the agreed term of the Licence.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Sales of non-current assets

Gains on sale of non-current assets are included as income at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

Gains or losses on disposal are calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Government grants

Government grants are recognised initially as deferred income at fair value and when there is reasonable assurance that they will be received and that the consolidated entity will comply with the conditions associated with the grant, they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the profit or loss except to the extent that it relates to business combinations, or items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or stantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The consolidated entity makes this assessment at each reporting date.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Clean TeQ Holdings Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income. When an operation is classified as a discontinued operation, the comparative statement of profit and loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Cash and cash equivalents – financial instrument

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment. The cost of the investment includes transaction costs.

The consolidated financial statements include the consolidated entity's share of profit or loss and other comprehensive income of equity accounted interests, after adjustments to align the accounting policies with those of the consolidated entity, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the consolidated entity's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the consolidated entity has an obligation or has made payments on behalf of the investee.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Income earned from joint venture entities is recognised as revenue in the parent entity's profit or loss, whilst in the consolidated financial statements they reduce the carrying amount of the investment.

Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the consolidated entity. Ongoing repairs and maintenance are expensed as incurred.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated on to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the consolidated entity will obtain ownership by the end of the lease term. Rates of depreciation are as follows:

Factory equipment	2.5 to 20 years (straight line and diminishing value)
Office furniture and equipment	2.5 to 20 years (straight line and diminishing value
Capitalised leased equipment	3-7 years (diminishing value)
Motor vehicles	5-6 years (diminishing value)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leased assets

Leases in terms of which the consolidated entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and the leased assets are not recognised on the consolidated entity's statement of financial position.

Other financial assets

Cash on deposit used as security for bank guarantees that matures within four and twelve months of each reporting period is disclosed as a current other financial asset. Those deposits that do not mature for in excess of twelve months are disclosed as non-current other financial assets.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight- line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being between 4 and 20 years dependent on the project.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being between 4 and 20 years.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Impairment of non-financial assets

The carrying value of the consolidated entity's non-financial assets, other than inventory and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. Indefinite life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continued use that are largely independent of the cash inflows of other assets or CGU. The consolidated entity tests for impairment on an asset basis, with grouping under CGUs.

Impairment losses are recognised in profit or loss. An impairment may be reversed only yo the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

Trade and other payables – financial instrument

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings – financial instrument

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Compound financial instruments issued by the consolidated entity comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of the compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognised.

Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Employee benefits *continued*

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non- controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Clean TeQ Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Comparatives

Deferred tax assets and deferred tax liabilities have been offset in the current year to the extent that they can be utilised in the same period by the consolidated entity. To ensure the prior period statement of financial position is accurate the deferred tax assets and deferred tax liabilities have been offset to the extent they can be utilised in the same period by the consolidated entity. There is no impact on the result or the net assets of the consolidated entity in the prior period.

Certain comparative amounts in the consolidated statement of profit or loss and other comprehensive income have been reclassified to conform with the current year's presentation (see note 46). Any changes made to comparative information has not impacted results or net assets of the consolidated entity in the prior period.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2013. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2015 and the impact on the consolidated entity's financial statements has yet to be assessed.

AASB 10 Consolidated Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 impacts where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity. The consolidated entity holds a 50% interest in Associated Water Pty Ltd and does not consolidate this entity under current accounting policies. The directors expect the adoption of AASB 10 on 1 July 2013 will not impact this policy significantly, as the consolidated entity does not control Associated Water Pty Ltd.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

AASB 11 Joint Arrangements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 July 2013 is not expected to have a material impact on the consolidated entity.

As noted above the company holds a 50% interest in Associated Water Pty Ltd. The directors' expect that this investment will be accounted for in accordance with AASB 11, and also expect that the investment will continue to be equity accounted under AASB 11.

AASB 12 Disclosure of Interests in Other Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Intangible assets

The recoverable value of patents and trademarks acquired is based on the cost of registering the patents and trademarks, less any diminution in value through amortisation and impairment. The recoverable value of Development intangible assets is based on discounted cash flows expected to be derived from the use and eventual sale of the assets. At each reporting date the directors and management undertake an impairment review to determine their value in use as derived from the discounted cash flow modelling. Based on the impairment review at 30 June 2013 the directors have determined an impairment of the intangible assets of $1 million. Details of the review, and the assumptions and estimates used, are contained in note 19.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Investment in equity accounted investments

The investment in the joint venture is assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity. The joint venture prepares accounts annually and the carrying value of the investment is reviewed with reference to these accounts.

Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each financial reporting date. Fair value is calculated based on the present value of the future principal and interest cash flows, discounted at the market rate of interest at the measurement date. In respect of the liability component of convertible notes, the market rate of interest is determined with reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

NOTE 4. OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organised into 3 operating segments: Air Purification, Water Purification and Resource Recovery. These operating segments offer different products and services, and are managed separately because they require different technology and marketing strategies. For each segment internal reports are produced for review and use by the CEO, who is the consolidated entity's chief operating decision maker (CODM), in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews gross profit for each operating division. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on at least a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Air Purification

This has been the core business of the Company since 1990. Clean TeQ provides a full suite of air purification and odour elimination solutions to municipal and statutory authorities and industrial companies.

Water Purification

Clean TeQ's suite of water technologies filter, separate and purify polluted waters for drinking, agriculture, recreation or industrial use. Clean TeQ is developing technologies for use in the purification and recycling of waste water and the desalination of brackish water.

Resource Recovery

The Clean-iX® Technology is at the core of this Division and aims to provide cost effective extraction techniques for a range of resources, including base metals, precious metals and radioactive elements (such as uranium).

Information regarding the results of each reportable segment is included below. Performance is measured based on gross profit as included in the internal management reports that are reviewed by the consolidated entity's CEO. Segment gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

NOTE 4. OPERATING SEGMENTS CONTINUED

The information relating to the performance of the identified segments includes revenues and directly attributable costs and materials. The assets attributed to each division relates to revenue generating assets. All other assets and liabilities are not allocated to specific segments.

Geographical segments

Geographically, the consolidated entity operates predominately in Australia.

Operating segment information

Consolidated 2013	Air	Resource	Water	Intersegment eliminations/ unallocated	Total
	$'000	$'000	$'000	$'000	$'000
REVENUE					
Sales to external customers	8,902	-	714	462	10,078
Total sales revenue	8,902	-	714	462	10,078
Interest income	-	-	-	34	34
Other revenue	-	-	-	312	312
Total revenue	8,902	-	714	808	10,424
Reportable segment (loss)/profit before interest, depreciation and tax	(173)	-	398	(4,378)	(4,153)
Depreciation and amortisation	-	-	-	(568)	(568)
Impairment of assets	-	-	-	(1,000)	(1,000)
Finance costs	-	-	-	(96)	(96)
Share of losses from joint venture	-	-	(161)	-	(161)
Profit/(loss) before income tax benefit	(173)	-	237	(6,042)	(5,978)
Income tax benefit					765
Loss after income tax benefit					(5,213)
Profit before income tax on disposal of discontinued operation					582
Profit before income tax expense					582
Income tax expense					-
Profit after income tax expense					582
ASSETS					
Segment assets	780	3,764	7,928	7,248	19,720
Total assets					19,720
Total assets includes:					
Investments in associates	-	-	1,884	-	1,884
Acquisition of non-current assets	79	526	912	47	1,564
LIABILITIES					
Segment liabilities	118	-	730	7,677	8,525
Total liabilities					8,525

Consolidated 2012	Air	Resource	Water	Intersegment eliminations/ unallocated	Total
	$'000	$'000	$'000	$'000	$'000
REVENUE					
Sales to external customers	6,037	-	5,290	533	11,860
Sales to external customers – discontinued operations	-	-	2,213	-	2,213
Total sales revenue	6,037	-	7,503	533	14,073
Interest income	-	-	-	60	60
Other revenue	-	-	-	115	115
Total revenue	6,037	-	7,503	708	14,248
Reportable segment (loss)/profit before interest, depreciation and tax	1,684	-	5,251	(5,377)	1,558
Depreciation and amortisation	-	-	-	(490)	(490)
Impairment of assets	-	-	-	(123)	(123)
Finance costs	-	-	-	(100)	(100)
Share of losses from joint venture	-	-	(153)	-	(153)
Profit/(loss) before income tax benefit	1,684	-	5,098	(6,090)	692
Income tax benefit					308
Profit after income tax benefit					1,000
Profit before tax from discontinued operations					280
Profit before income tax expense					280
Income tax expense					(32)
Profit after income tax expense					248
ASSETS					
Segment assets	1,094	4,191	8,880	6,010	20,175
Total assets					20,175
Total assets includes:					
Investments in associates	-	-	2,045	3	2,048
Acquisition of non-current assets	102	221	732	266	1,321
LIABILITIES					
Segment liabilities	-	612	-	776	3,040
Total liabilities					4,428

Geographically, the consolidated entity operates predominantly in Australia.

NOTE 5. REVENUE

	Consolidated	
	2013 $'000	2012 $'000
From continuing operations		
SALES REVENUE		
Contract revenue	9,886	9,840
Government grants	23	20
License fee income	169	2,000
	10,078	11,860
OTHER REVENUE		
Interest	34	60
Other revenue	312	115
	346	175
Revenue from continuing operations	**10,424**	**12,035**

NOTE 6. SHARE OF LOSSES OF JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	2013 $'000	2012 $'000
Share of loss – joint ventures	(161)	(153)

See note 16 for details of joint venture operations.

NOTE 7. EXPENSES

	Consolidated 2013 $'000	Consolidated 2012 $'000
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
COST OF SALES		
Cost of sales	9,643	6,045
DEPRECIATION		
Motor vehicles under lease	17	12
Factory equipment	47	34
Office equipment and furniture	53	38
Capitalised leased assets	-	2
Total depreciation	117	86
AMORTISATION		
Capitalised development costs	374	277
Other intangible assets	77	127
Total amortisation	451	404
Total depreciation and amortisation	**568**	**490**
EMPLOYEE BENEFIT EXPENSES		
Wages and salaries	2,869	1,989
Employee entitlements expense including movements in provisions for employee entitlements	3	43
Superannuation	277	189
Equity settled share based payments	97	22
Other costs	379	364
Employee benefit expenses capitalised into development assets	(539)	-
Total employee benefit expense	**3,086**	**2,607**
RENTAL EXPENSE RELATING TO OPERATING LEASES		
Minimum lease payments	156	148

NOTE 8. INCOME TAX BENEFIT

	Consolidated	
	2013 $'000	2012 $'000
INCOME TAX BENEFIT		
Current tax	(695)	(346)
Deferred tax – origination and reversal of temporary differences	(70)	70
Aggregate income tax benefit	(765)	(276)
Income tax benefit is attributable to:		
Loss from continuing operations	(765)	(308)
Profit from discontinued operations (note 9)	-	32
Aggregate income tax benefit	(765)	(276)
Deferred tax included in income tax benefit comprises:		
Increase/(decrease) in deferred tax liabilities (note 26)	(70)	70
NUMERICAL RECONCILIATION OF INCOME TAX BENEFIT AND TAX AT THE STATUTORY RATE		
Profit/(loss) before income tax benefit from continuing operations	(5,978)	692
Profit before income tax expense from discontinued operations	582	280
	(5,396)	972
Tax at the statutory tax rate of 30%	(1,619)	292
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	29	-
Non-deductible expenses	1	19
Tax losses (reinstated) / not brought to account	1,003	(447)
Concessional R&D deduction	(227)	(140)
Tax claim on licence fee	-	600
Deferred tax balances in relation to joint venture investment	-	(600)
Adjustment for capital gain	48	-
Income tax benefit	(765)	(276)
TAX LOSSES NOT RECOGNISED		
Unused tax losses for which no deferred tax asset has been recognised	3,343	-
Potential tax benefit @ 30%	1,003	-

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

NOTE 9. DISCONTINUED OPERATIONS

Description

On 28 June 2012, the company executed a contract to sell 100% of its shares in UV Guard Australia Pty Ltd. The contract was completed on 19 July 2012, with the sale effective from 1 July 2012. The company received $1,350,000 plus inventory on hand as consideration for the sale. The sale consideration exceeds the net assets of UV Guard Australia Pty Ltd at 30 June 2012 and as a result no impairment was recognised.

The decision was also made to close the operations of UV Guard New Zealand Limited. At 30 June 2012, the only asset that the company held was cash, and for this reason no impairment was recognised.

Both UV Guard Pty Ltd and UV Guard New Zealand Limited formed part of the Water Purification business segment in note 4 – Operating segments.

	Consolidated	
	2013 $'000	2012 $'000
FINANCIAL PERFORMANCE INFORMATION		
Sales of goods and services	-	2,213
Total revenue	-	2,213
Raw materials and consumables used	-	(882)
Administration expenses	-	(114)
Marketing expenses	-	(6)
Employee benefits expenses	-	(819)
Depreciation and amortisation expenses	-	(9)
Other expenses	-	(99)
Finance costs	-	(4)
Total expenses	-	(1,933)
Profit before income tax expense	-	280
Income tax expense	-	(32)
Profit after income tax expense	-	248
Gain on disposal before income tax	582	-
Income tax expense	-	-
Gain on disposal after income tax expense	582	-
Profit after income tax expense from discontinued operations	**582**	**248**
CASH FLOW INFORMATION		
Net cash from operating activities	-	27
Net cash from/(used in) investing activities	1,373	(6)
Net cash used in financing activities	-	(7)
Net increase in cash and cash equivalents from discontinued operations	**1,373**	**14**

NOTE 9. DISCONTINUED OPERATIONS CONTINUED

	Consolidated	
	2013 $'000	2012 $'000
DETAILS OF THE DISPOSAL		
Total sale consideration	1,800	-
Carrying amount of net assets sold	(1,140)	-
Disposal costs	(78)	-
Gain on disposal before income tax	582	-
Income tax expense	-	-
Gain on disposal after income tax	**582**	**-**

NOTE 10. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated	
	2013 $'000	2012 $'000
Cash at bank	96	1,233
Cash on deposit	840	43
Cash on deposit used as security for bank guarantees	145	178
	1,081	1,454

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	Consolidated	
	2013 $'000	2012 $'000
Balances as above	1,081	1,454
Cash and cash equivalents – classified as held for sale (note 15)	-	179
Balance as per statement of cash flows	**1,081**	**1,633**

The effective interest rate on short-term bank deposits at 30 June 2013 was 3.70% (2012: 4.50%). These deposits have a maximum maturity of 90 days of year end Any balances with maturities exceeding this have been disclosed as other financial assets. Refer to note 25 for details of the used and unused bank guarantee facility. At 30 June 2013 $290,000 was secured against guarantees (2012: $192,000).

NOTE 11. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated	
	2013 $'000	2012 $'000
Trade receivables	3,354	1,965
Other receivables	363	63
	3,717	**2,028**

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to $415,000 as at 30 June 2013 ($346,000 as at 30 June 2012).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2013 $'000	2012 $'000
31-60 days	243	335
60 -90 days	172	11
	415	**346**

Normal trading terms are 30 days from month end. Amounts outstanding beyond normal trading terms do not have a history of default and thus management is of the view that no debtors are impaired at 30 June 2013 or 30 June 2012 and thus should not be provided for.

NOTE 12. CURRENT ASSETS – INVENTORIES

	Consolidated	
	2013 $'000	2012 $'000
Raw materials – at net realisable value	412	390
Work in progress – at cost	958	1,296
Finished goods – at cost	255	115
	1,625	**1,801**

Raw materials includes grape skin extract which was initially recognised at a cost of $598,000 when first acquired pre-2007. At 30 June 2013 the carrying value of grape skin extract is $294,000 (2012: $309,000), which includes costs incurred to convert some of the liquid extract into powder.

NOTE 13. CURRENT ASSETS – INCOME TAX RECEIVABLE

	Consolidated	
	2013 $'000	2012 $'000
Income tax receivable	**683**	**421**

Income tax receivable represents the refund due to the consolidated entity on capitalised expenditure during the current financial year as a result of research and development tax concessions.

NOTE 14. CURRENT ASSETS – OTHER FINANCIAL ASSETS

	Consolidated	
	2013 $'000	2012 $'000
Cash on deposit used as security for bank guarantees	**121**	**75**

NOTE 15. CURRENT ASSETS – ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

	Consolidated	
	2013 $'000	2012 $'000
Cash and cash equivalents	-	179
Trade and other receivables	-	463
Inventory	-	684
Plant and equipment	-	28
Deferred tax asset	-	15
Goodwill – at cost	-	405
Income tax refundable	-	16
	-	**1,790**

Refer to note 9 – Discontinued Operations for further details.

NOTE 16. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	2013 $'000	2012 $'000
Investment in joint venture	**1,884**	**2,045**

Refer to note 39 for further information on interests in joint ventures.

During the prior year, the company entered into a joint venture agreement with Nippon Gas Co Ltd, to provide desalination facilities and services in the Australian coal seam gas industry. The joint venture is known as Associated Water Pty Ltd. Both companies have a 50% equity interest. In the 2012 financial year CleanTeQ Holdings Limited provided an exclusive licence to use its CIF technology with its 50% share valued at $2,000,000.

The consolidated entity has recognised its share of after tax losses for the period totaling $161,000 (2012: $153,000).

NOTE 17. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

	Consolidated	
	2013 $'000	2012 $'000
Cash on deposit used as security for bank guarantees	169	117

NOTE 18. NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	Consolidated	
	2013 $'000	2012 $'000
Office furniture and equipment – at cost	423	376
Less: Accumulated depreciation	(328)	(275)
	95	101
Motor vehicles – at cost	154	132
Less: Accumulated depreciation	(74)	(47)
	80	85
Factory equipment – at cost	321	321
Less: Accumulated depreciation	(124)	(77)
	197	244
Capitalised leased equipment – at cost	-	22
Less: Accumulated depreciation	-	(10)
	-	12
	372	**442**

Reconciliations

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

	Factory equipment	Office furniture and equipment	Motor vehicles	Capitalised lease equipment	Total
	$'000	$'000	$'000	$'000	$'000
CONSOLIDATED					
Balance at 1 July 2011	154	76	90	13	333
Additions	123	72	36	1	232
Classified as held for sale	-	(6)	(22)	-	(28)
Depreciation expense	(33)	(41)	(19)	(2)	(95)
Balance at 30 June 2012	244	101	85	12	442
Additions	-	47	-	-	47
Transfers in/(out)	-	-	12	(12)	-
Depreciation expense	(47)	(53)	(17)	-	(117)
Balance at 30 June 2013	**197**	**95**	**80**	**-**	**372**

NOTE 19. NON-CURRENT ASSETS – INTANGIBLES

	Consolidated 2013 $'000	Consolidated 2012 $'000
Development – at cost	17,568	16,051
Less: Accumulated amortisation and impairment	(8,206)	(6,832)
	9,362	9,219
Patents and trademarks – at cost	712	712
Less: Accumulated amortisation	(198)	(163)
	514	549
Licenses – at cost	460	460
Less: Accumulated amortisation	(268)	(226)
	192	234
	10,068	**10,002**

Reconciliations

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

	Capitalised development $'000	Licence $'000	Patents and trademarks $'000	Total $'000
CONSOLIDATED				
Balance at 1 July 2011	8,564	387	549	9,500
Additions	1,055	-	34	1,089
Impairment of assets	(123)	-	-	(123)
Write off of assets	-	(60)	-	(60)
Amortisation expense	(277)	(93)	(34)	(404)
Balance at 30 June 2012	9,219	234	549	10,002
Additions	1,517	-	-	1,517
Impairment of assets	(1,000)	-	-	(1,000)
Amortisation expense	(374)	(42)	(35)	(451)
Balance at 30 June 2013	**9,362**	**192**	**514**	**10,068**

NOTE 19. NON-CURRENT ASSETS – INTANGIBLES CONTINUED

The amortisation of patents, trademarks and development costs is allocated to expenses within profit or loss. The impairment charge is expensed through profit or loss.

Recoverability of development costs and impairment loss

The carrying amount of the consolidated entity's Development intangible assets that are yet to be commercialised are reviewed at each reporting date for potential impairment. The review consists of a comparison of the carrying value with the expected recoverable amount of the Development intangible assets based on the estimated value in use, which is based on a discounted cash flow model. As a result of the impairment assessment at 30 June 2013, the directors and management of the consolidated entity identified that the recoverable amount of the Development intangible assets as estimated from the discounted cash flows resulted in an impairment of the Development intangible assets of $1 million.

The consolidated entity's Development intangible assets are reviewed for impairment in total and on an individual basis, using segments and individually identifiable projects to develop appropriate discounted cash flow models. The discounted cash flow models take into account a range of factors including:

- the status of an individual project with regard to its stage of project development;
- the extent of any incremental costs are expected to be incurred to commercialise the development assets;
- five or six year forecast revenues from commercialisation of the development assets, including assumptions with respect to market penetration rates, with sales growth dependent upon either the quantum of projects forecast to commence or global market penetration rates for specific segments which vary from less than 1% increasing to over 5% over the forecast period;
- the risks attached to commercialising the asset, including any industry specific or regulatory risk;
- anticipated levels of competition; and
- other general economic factors.

Whilst changes may occur in the future, the consolidated entity is currently focussing on its core projects: Clean-IX for Uranium Extraction and Purification, Clean-IX for Gold Extraction and Purification, Clean-IX for secondary Effluent Treatment for Water and Continuous Ion Exchange Treatment for Clean-IX.

The discounted cash flows have been prepared using a variety of sourced data such as sales data from Memorandum's of Understanding (MOU's) signed, anticipated sales resulting from discussions with potential customers and other market data to forecast future revenue. As there are no guarantees that new projects will be given regulatory approval where such approval is required or be commercialized within planned timeframes, there is an inherent risk attached to the discounted cash flows that is factored into the key assumptions by way of probability factor adjustments. In generating the forecast cash flows, the consolidated entity has used a post-tax discount rate of 15% (2012: 15%) for all future cash flows for a 5 year period.

In addition, whilst the underlying technologies are still current, some of the developments undertaken were not currently being pursued by the consolidated entity, the most significant identifiable project revenue is identified as commencing in 2015 and an annual growth rate for revenue of 2.5% is estimated.

The commercialisation of the consolidated entities technologies have been recently impacted by commodity prices and regulatory matters within sectors in which the consolidated entity operates, unrelated to the consolidated entity's technology. As a result lead times have extended and project commencement dates revised and, consequently, anticipated cash inflows have been deferred to later years with consequential adjustments made to key assumption inputs into the related discounted cash flows models to account for changes in risks attached to the projects, which has given rise to the impairment expense recorded in the current year.

Management note that reasonably possible changes in key assumptions, include changes to the discount rate, changes to probability factors applied to forecast cash flows, changes in the timing of cash flows and changes to assumed rates of market penetration. The most significant potential changes and their impact are as follows at 30 June 2013:

	Incremental Impairment
	2013 $'000
A reduction of 10% in the probability factors applied to forecast cash flows	572
A reduction of 25% to the consolidated entity's assumed market penetration rates	540

NOTE 20. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated	
	2013 $'000	2012 $'000
Trade payables	3,449	1,976
Other payables	350	436
	3,799	**2,412**

Refer to note 31 for further information on financial instruments.

NOTE 21. CURRENT LIABILITIES – BORROWINGS

	Consolidated	
	2013 $'000	2012 $'000
Convertible notes payable	1,841	-
Loans	1,700	-
Hire purchase	32	24
	3,573	**24**

See note 31 Financial Instruments and note 36 Related party transactions for details of loans received during the year.

On 21 May 2013 the consolidated entity issued 18,406,116 unlisted convertible notes at $0.10 (10 cents) each providing proceeds of $1,841,000. Transaction costs of $19,000 were billed separately during the year. The notes were issued with an interest rate of 10% and a maturity date of 20 May 2016. The notes are convertible at any time prior to the maturity date at the request of the note holder at $0.10 (10 cents) per share.

NOTE 22. CURRENT LIABILITIES – EMPLOYEE BENEFITS

	Consolidated	
	2013 $'000	2012 $'000
Annual leave	144	139
Long service leave	115	143
	259	**282**

NOTE 23. CURRENT LIABILITIES – OTHER

	Consolidated	
	2013 $'000	2012 $'000
Deferred revenue	**848**	**1,389**

The deferred income balance at 30 June 2013 consists of $118,000 (2012: $613,000) which relates to Air Pollution Control sales contracts. Income had been received for projects that were incomplete at the end of the financial year. Commonwealth government grant money received associated with the Climate Ready project of $730,000 (2012: $776,000) has also been recognised as deferred income. This income is being recognised over 17 years, being the useful life of the related asset.

NOTE 24. CURRENT LIABILITIES – LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated	
	2013 $'000	2012 $'000
Trade payables	-	75
Accrued expenses	-	13
Employee provisions	-	50
Provision for income tax	-	8
Hire purchase	-	26
	-	**172**

Refer to note 9 – Discontinued Operations for further details.

NOTE 25. NON-CURRENT LIABILITIES – BORROWINGS

	Consolidated	
	2013 $'000	2012 $'000
Hire purchase	**17**	**49**

Refer to note 31 for further information on financial instruments.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2013 $'000	2012 $'000
Hire purchase	**49**	**73**

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2013 $'000	2012 $'000
Total facilities		
Bank overdraft	-	750
Guarantees against work in progress	370	413
Finance lease and hire purchase facilities	49	99
	419	**1,262**
Used at the reporting date		
Bank overdraft	-	
Guarantees against work in progress	329	370
Finance lease and hire purchase facilities	49	99
	378	**469**
Unused at the reporting date		
Bank overdraft	-	750
Guarantees against work in progress	41	43
Finance lease and hire purchase facilities	-	-
	41	**793**

* Prior period facilities include those relating to liabilities classified as held for sale in 2012.

NOTE 26. NON-CURRENT LIABILITIES – DEFERRED TAX

	Consolidated	
	2013 $'000	2012 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Intangible assets	2,772	2,730
Government grant	7	-
Unearned interest	1	3
Accrued expenses	(199)	(230)
Acquisition costs	-	(1)
Employee benefits	(119)	(111)
Software development costs	(1)	(2)
Investment in Associated Water Pty Ltd	(682)	(646)
Deferred capital gain on disposal of subsidiary	-	(100)
Legal and consulting fees	(72)	(72)
Unused tax losses	(1,642)	(1,420)
	65	151
Amounts recognised in equity:		
Transaction costs on share issues	(65)	(81)
Deferred tax liability	-	70
Movements:		
Opening balance	70	-
Charged/(credited) to profit or loss (note 8)	(70)	70
Closing balance	**-**	**70**

NOTE 27. NON-CURRENT LIABILITIES – EMPLOYEE BENEFITS

	Consolidated	
	2013 $'000	2012 $'000
Long service leave	**29**	**30**

NOTE 28. EQUITY – ISSUED CAPITAL

	Consolidated		Consolidated	
	2013 Shares	2012 Shares	2013 $'000	2012 $'000
Ordinary shares – fully paid	**143,793,514**	**143,651,853**	**13,149**	**13,151**

Movements in ordinary share capital

Details	Date	No. of shares	Issue price	$'000
Balance	1 July 2011	97,078,465		10,059
Employee share issue	11 July 2011	601,084	$0.037	22
Entitlement issue	29 September 2011	27,367,478	$0.037	1,013
Shares issued to UV Guard	11 November 2011	2,604,826	$0.036	94
Shares issued to Corp 8	6 February 2012	2,000,000	$0.055	110
Placement to Nippon Gas Co. Ltd	19 March 2012	14,000,000	$0.146	2,044
Cost of capital raising				(191)
Balance	30 June 2012	143,651,853		13,151
Shares issued as a result of the Employee Tax Exempt Share Plan	13 August 2012	141,661	$0.120	17
Cost of issuing convertible notes				(19)
Balance	**30 June 2013**	**143,793,514**		**13,149**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the consolidated entity defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends likely to be proposed and paid to ordinary shareholders.

The Board's target is for employees of the consolidated entity, excluding the founders, to hold 10 percent of the Company's ordinary shares in due course. At present assuming that all outstanding share options vest and/ or are exercised, significantly less than this amount of the shares would be held by the consolidated entity's employees.

The Board ultimately seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings, new share issues and the issuing of convertible notes and the advantages and security afforded by a sound capital position. The consolidated entity may increase its debt levels if and when required in order to achieve increased returns for shareholders.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The capital risk management policy remains unchanged from the 30 June 2012 Annual Report.

NOTE 29. EQUITY – RESERVES

	Consolidated 2013 $'000	Consolidated 2012 $'000
Foreign currency reserve	-	(1)
Share-based payments reserve	91	191
	91	**190**

	Foreign currency $'000	Share based payments $'000	Total $'000
CONSOLIDATED			
Balance at 1 July 2011	-	82	82
Foreign currency translation	(1)	-	(1)
Lapsed options transferred to retained earnings	-	(47)	(47)
Share based payments	-	156	156
Balance at 30 June 2012	**(1)**	**191**	**190**
Foreign currency translation	1	-	1
Lapsed options transferred to retained earnings	-	(180)	(180)
Share based payments	-	80	80
Balance at 30 June 2013	**-**	**91**	**91**

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

NOTE 30. EQUITY – DIVIDENDS

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	Consolidated 2013 $'000	Consolidated 2012 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	572	572

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. In accordance with the tax consolidation legislation, the Company as the head entity in the tax consolidated entity has assumed the benefit of franking credits in the current financial year $572,000 (2012: $572,000).

NOTE 31. FINANCIAL INSTRUMENTS

Financial risk management objectives

The consolidated entity has exposure to the following risks from their use of financial instruments:

- market risk;
- credit risk; and
- liquidity risk;

This note presents information about the consolidated entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities. The consolidated entity, through their experience and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the consolidated entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity. The Board is assisted in its oversight role by the Audit Committee and executive management team. Executive management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board and the Audit Committee.

Market Risk

Market Risk is the risk arising from economic factors outside of the control of the consolidated entity on the financial instruments of the consolidated entity. The most common market risks are foreign currency risk, price risk and interest rate risk.

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange rate fluctuations. There is no current material exposure to foreign exchange risk.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity currently has no significant debt subject to variable interest rates. Accordingly the consolidated entity has limited exposure to interest rate movements. The consolidated entity has a term deposit facility used as security for bank guarantees. All borrowings are at fixed rates of interest and therefore not subject to interest rate risk.

Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the consolidated entity's receivables from customers. At the reporting date the maximum exposure to credit risk for the consolidated entity was $5,771,000 (2012: $4,095,000), made up of trade receivables of $3,354,000 (2012: $1,965,000) cash and cash equivalents of $1,081,000 (2012: $1,454,000) income tax receivable of $683,000 (2012: $421,000), bank deposits in respect of guarantees of $290,000 (2012: $192,000) and other debtors of $363,000 (2012: $63,000).

NOTE 31. FINANCIAL INSTRUMENTS CONTINUED

Trade and other receivables

The consolidated entity's exposure to credit risk relating to trade receivables of $3,354,000 (2012 $1,965,000) is influenced mainly by the individual characteristics of each customer. The demographics of the consolidated entity's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. The majority of the consolidated entity's sales transactions are evenly spread across a large number of customers. Geographically there is an Australian concentration of credit risk.

The consolidated entity is exposed to significant concentrations of credit risk in relation to project revenue, due to the high values of progress invoicing on a number of projects. At 30 June 2013 the consolidated entity had individual debtors with balances in excess of $1 million resulting from project billings. Neither of the balances were considered to be impaired. The Board has established a credit policy under which each new significant customer is analysed individually for creditworthiness before the consolidated entity's standard payment and delivery terms and conditions are offered. Each new contract of works to be under taken by the consolidated entity, which is greater than a predetermined level, must be approved by the Board prior to the contract being signed.

Many of the consolidated entity's customers are large multinationals and government organisations who have been transacting with the consolidated entity for a number of years. Losses have occurred very infrequently since the inception of the business. The majority of sales transactions undertaken by the consolidated entity require the customer to make payments as contract milestones are achieved. Failure of the customer to make payment by the due date will result in the further supply of goods and services being put on hold until such time as payment is received by the consolidated entity.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. The Group's trade and other receivables relate mainly to the Group's wholesale customers who are predominantly made up of public companies and government bodies.

Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are made on a prepayment basis with approval of executive management. To date the Group has only ever had two minor trade bad debts. Refer to note 11 for debtors aging analysis.

Guarantees

The consolidated entity's policy is to provide financial guarantees only to wholly-owned subsidiaries. Details of outstanding guarantees are provided in note 40.

The consolidated entity provides guarantees for work performed on each project contracts. These guarantees are put in place at the commencement of the contract and remain in place until approximately 12 months after the completion of the contract. These guarantees are issued under the Company's guarantee facility (refer note 25).

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

The consolidated entity adopts milestone and progress invoicing, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the consolidated entity ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the consolidated entity maintains the following lines of credit:

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2013 $'000	2012 $'000
Bank overdraft	-	750
Guarantees against work in progress	41	43
	41	793

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated 2013	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$'000	$'000	$'000	$'000	$'000
NON-DERIVATIVES						
Non-interest bearing						
Trade payables	-	3,449	-	-	-	3,449
Other payables	-	350	-	-	-	350
Interest-bearing - fixed rate						
Other loans	9.08	1,700	-	-	-	1,700
Convertible notes payable	10.00	1,841	-	-	-	1,841
Hire purchase	8.64	32	17	-	-	49
Total non-derivatives		**7,372**	**17**	**-**	**-**	**7,389**

Consolidated 2012	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$'000	$'000	$'000	$'000	$'000
NON-DERIVATIVES						
Non-interest bearing						
Trade payables	-	1,976	-	-	-	1,976
Other payables	-	436	-	-	-	436
Interest-bearing - fixed rate						
Hire purchase	8.64	24	49	-	-	73
Total non-derivatives		**2,436**	**49**	**-**	**-**	**2,485**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

NOTE 31. FINANCIAL INSTRUMENTS CONTINUED

Fair value of financial instruments

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Trade and other payables are measured at fair value on recognition and at amortised cost using the effective interest rate method subsequently. Due to their short term nature neither trade and other receivables or trade and other payables are discounted.

Borrowings are recognised at fair value of consideration received, net of transaction costs, and subsequently measured at amortised cost using the effective interest rate method. In estimating amortised cost the consolidated entity takes into account its borrowing capacity and the source of its borrowings. The categorisation of the borrowings based on the fair value hierarchy is detailed in the table below.

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:

- **Level 1**: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Consolidated 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
LIABILITIES				
Loans	-	-	1,700	1,700
Convertible Notes	-	-	1,841	1,841
Total liabilities	**-**	**-**	**3,541**	**3,541**

There were no transfers between levels during the financial year.

Movements in level 3 financial instruments

Movements in level 3 financial instruments during the current and previous financial year are set out below:

	Loans $'000	Convertible notes $'000	Total $'000
CONSOLIDATED			
Balance at 1 July 2011	-	-	-
Balance at 30 June 2012	-	-	-
Transfers into level 3	1,700	1,841	3,541
Balance at 30 June 2013	**1,700**	**1,841**	**3,541**

Changing one or more inputs would not significantly change the fair value of level 3 financial instruments.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Compliance with the consolidated entity's standards is supported by a programme of periodic reviews undertaken by management.

NOTE 32. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The following persons were directors of Clean TeQ Holdings Limited during the financial year:

- Sam Riggall (Chairman and Non-Executive Director) – appointed 4 June 2013
- Peter Voigt (Executive Director and Chief Executive Officer)
- Greg Toll (Executive Director, previously Chairman)
- Bob Cleary (Independent Non Executive Director) – retired 6 June 2013
- Roger Harley (Independent Non Executive Director)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

- Melanie Leydin (Company Secretary – appointed 7 July 2011)
- Tony Panther (Chief Financial Officer – appointed 10 January 2013)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2013 $	2012 $
Short-term employee benefits	661,392	719,665
Post-employment benefits	46,759	59,173
Long-term benefits	3,115	8,344
Share-based payments	81,500	4,000
	792,766	**791,182**

The key management personnel receive no compensation in relation to the management of the company. Key management personnel are compensated for management of the consolidated entity.

Information regarding individual directors and executives' compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Directors' Report.

Apart from the details disclosed in this note or note 36, no director has entered into a material contract with the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at the year end.

NOTE 32. KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2013	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
ORDINARY SHARES					
Peter Voigt**	25,823,263	8,333	-	-	25,831,596
Greg Toll	13,061,896	8,333	-	-	13,070,229
Roger Harley**	1,551,718	-	-	-	1,551,718
Ross Dive*	1,342,413	-	-	(1,342,413)	-
	41,779,290	**16,666**	**-**	**(1,342,413)**	**40,453,543**

* Ross Dive is a director of UV Guard Australia Pty Ltd. The consolidated entity disposed of its interest in UV Guard Australia Pty Ltd in July 2012.

** Amount disclosed includes amounts held by associates.

2012	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
ORDINARY SHARES					
Greg Toll**	8,783,151	27,322	4,251,423	-	13,061,896
Peter Voigt**	19,744,565	27,322	6,051,376	-	25,823,263
Marc Lichtenstein*	137,135	-	-	(137,135)	-
Ross Dive	40,000	-	1,302,413	-	1,342,413
Roger Harley**	-	-	1,551,718	-	1,551,718
	28,704,851	**54,644**	**13,156,930**	**(137,135)**	**41,779,290**

* Marc Lichtenstein resigned during the 2012 financial year.

** Amount disclosed includes amounts held by associates.

Option holding

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2013	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
OPTIONS OVER ORDINARY SHARES					
Peter Voigt	195,000	1,000,000	-	(195,000)	1,000,000
Greg Toll	195,000	1,000,000	-	(195,000)	1,000,000
Roger Harley	-	500,000	-	-	500,000
Bob Cleary**	-	500,000	-	(500,000)	-
Ross Dive*	150,000	-	-	(150,000)	-
	540,000	**3,000,000**	**-**	**(1,040,000)**	**2,500,000**

* Ross Dive is a director of UV Guard Australia Pty Ltd. The consolidated entity disposed of its interest in UV Guard Australia Pty Ltd in July 2012.

** Bob Cleary retired as a director on 6 June 2013.

2013	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
OPTIONS OVER ORDINARY SHARES			
Peter Voigt	1,000,000	-	1,000,000
Greg Toll	1,000,000	-	1,000,000
Roger Harley	500,000	-	500,000
Bob Cleary	500,000	-	500,000
	3,000,000	**-**	**3,000,000**

2012	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
OPTIONS OVER ORDINARY SHARES					
Greg Toll	390,000	-	-	(195,000)	195,000
Peter Voigt	390,000	-	-	(195,000)	195,000
Marc Lichtenstein*	375,000	-	-	(375,000)	-
Ross Dive	150,000	-	-	-	150,000
	1,305,000	**-**	**-**	**(765,000)**	**540,000**

* Marc Lichtenstein resigned during the 2012 financial year.

NOTE 32. KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

2012	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
OPTIONS OVER ORDINARY SHARES			
Greg Toll	195,000	-	195,000
Peter Voigt	195,000	-	195,000
Ross Dive	150,000	-	150,000
	540,000	**-**	**540,000**

In accordance with the remuneration policy described in the Remuneration Report, options granted as remuneration are subject to continuing service with the Company. Options granted as remuneration are valued at grant date in accordance with AASB 2 Share-based Payment. Options previously granted as remuneration that lapsed or have been exercised during the year are detailed in the Remuneration Report.

Related party transactions

Related party transactions are set out in note 36. The consolidated entity received a loan from Toll Associates Pty Ltd during the year and it remains outstanding at 30 June 2013.

NOTE 33. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the company, and unrelated firms:

	Consolidated	
	2013 $	2012 $
AUDIT SERVICES – KPMG		
Audit or review of the financial statements	95,000	-
OTHER SERVICES – KPMG		
Advisory services	15,000	-
Taxation services	10,000	-
	25,000	-
	120,000	**-**
AUDIT SERVICES – PITCHER PARTNERS		
Audit or review of the financial statements	-	142,000
OTHER SERVICES – PITCHER PARTNERS		
Accounting standard interpretation advice	-	21,000
Taxation services	-	77,000
	-	98,000
	-	**240,000**

KPMG were appointed as auditor at the company AGM on 15 November 2012, upon the resignation of Pitcher Partners.

NOTE 34. CONTINGENT LIABILITIES

The consolidated entity had no contingent liabilities at 30 June 2013 or 30 June 2012.

NOTE 35. COMMITMENTS

	Consolidated	
	2013 $'000	2012 $'000
HIRE PURCHASES		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	35	39
One to five years	19	73
Total commitment	54	112
Less: Future finance charges	(5)	(13)
Net commitment recognised as liabilities	**49**	**99**
Representing:		
Current hire purchase liability (note 21) and current hire		
purchase liability classified as held for sale (note 24)	32	50
Non- current hire purchase liability (note 25)	17	49
	49	**99**
OPERATING LEASES (NON-CANCELLABLE)		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	158	153
One to five years	158	308
	316	**461**

The finance leases were settled in full during the current financial year.

During the current financial year the consolidated entity entered into one hire purchase for a vehicle, expiring in January 2015. No new hire purchase agreements were entered into in the prior year. The comparative hire purchase liability relates to three motor vehicle leases which expire within 3 years. The interest rates on hire purchases vary from 7.21% to 10.24%.

The operating property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance. Rental provisions within the lease arrangement require that the minimum lease payments shall be increased by 3.5% per annum and building outgoings by 3% per annum.

An option exists to renew the lease at the end of the five year term for an additional term of five years. The lease allows for subletting of all lease areas with the Landlord's consent. The current lease term commenced on 20 June 2010 and ends on 19 June 2015.

NOTE 36. RELATED PARTY TRANSACTIONS

Parent entity

Clean TeQ Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 38.

Joint ventures

Interests in joint ventures are set out in note 39.

Key management personnel

Disclosures relating to key management personnel are set out in note 32 and the remuneration report in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2013 $	2012 $
SALE OF GOODS AND SERVICES		
Sale of technology license to Associated Water Pty Ltd	-	2,000,000
Provision of management, labour and administration	498,037	205,000

These fees are charged on normal commercial terms and conditions in accordance with the consultancy services and administration services agreements.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2013 $	2012 $
CURRENT RECEIVABLES		
Trade receivables from Associated Water Pty Ltd	25,437	63,000

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2013 $	2012 $
CURRENT BORROWINGS		
Loan from Associated Water Pty Ltd	1,000,000	-
Loan from Toll Associates Pty Ltd	700,000	-

Associated Water Pty Ltd is a company in which CleanTeQ is a Joint Venture partner. Both Greg Toll and Peter Voigt are directors of Associated Water Pty Ltd.

Toll Associates Pty Ltd is a company in which Greg Toll, a director of CleanTeQ is an owner and director.

Terms and conditions

The loan advanced by Associated Water is a short term unsecured loan, with an interest rate of 9.08%. The loan from Toll Associates Pty Ltd is also a short term unsecured loan, with an interest rate of 9.08%. All transactions were made on normal commercial terms and conditions and at market rates. All loans are payable within one year.

NOTE 37. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

	Parent	
	2013 $'000	2012 $'000
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Profit after income tax	887	450
Total comprehensive income	887	450
STATEMENT OF FINANCIAL POSITION		
Total current assets	281	814
Total assets	12,686	11,626
Total current liabilities	1,864	1,769
Total liabilities	1,864	1,769
Equity		
Issued capital	13,149	13,151
Share-based payments reserve	91	190
Accumulated losses	(2,418)	(3,484)
Total equity	**10,822**	**9,857**

NOTE 37. PARENT ENTITY INFORMATION CONTINUED

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Refer to note 40 for details of guarantees provided by the parent entity.

Statement of comprehensive income

The parent entity made a profit in the current year of $887,000 mainly as a result of the disposal of its interests in UV Guard Australia Pty Ltd.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2013 and 30 June 2012. The parent entity is party to a deed of cross guarantee. See note 40 for details.

Capital commitments – Property, plant and equipment

The parent entity does not have any contractual commitments for the acquisition of property, plant or equipment at 30 June 2013 or since the end of the financial year.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

NOTE 38. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

		Equity holding	
Name of entity	**Country of incorporation**	**2013 %**	**2012 %**
Clean TeQ Limited	Australia	100.00	100.00
Resix Pty Ltd	Australia	100.00	100.00
CT Global Holdings Pty Ltd	Australia	100.00	100.00
LiXiR Functional Foods Pty Ltd	Australia	100.00	100.00
Clean TeQ Water Pty Ltd	Australia	100.00	100.00
Clean TeQ Resin Production Pty Ltd**	Australia	90.00	90.00
UV Guard Australia Pty Ltd*	Australia	-	100.00
UV-Guard New Zealand Limited*	New Zealand	-	100.00

* UV Guard Australia Pty Ltd and UV-Guard New Zealand Limited were disposed of in July 2012.

** Clean TeQ Resin Production Pty Ltd was deregistered on 31 July 2013, following a board resolution made on 15 May 2013. The company did not trade during the current or prior period.

NOTE 39. INTERESTS IN JOINT VENTURES

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures is set out below:

		Consolidated % interest	
Joint venture	**Principal activities**	**2013 %**	**2012 %**
Associated Water Pty Ltd	Water purification	50.00	50.00

The reporting date for Associated Water Pty Ltd is 30 June.

Information relating to the joint venture is set out below.

	Consolidated	
	2013 $'000	**2012 $'000**
SHARE OF ASSETS AND LIABILITIES		
Current assets	572	1,807
Non-current assets	3,216	2,128
Total assets	3,788	3,935
Current liabilities	98	85
Non-current liabilities	4	3
Total liabilities	102	88
Net assets	**3,686**	**3,847**
SHARE OF REVENUE, EXPENSES AND RESULTS		
Revenue	67	31
Expenses	(616)	(249)
Loss before income tax	(549)	(218)
Income tax benefit	388	65
Loss after income tax	**(161)**	**(153)**

The financial report for Associated Water Pty Ltd covers the year ended 30 June 2013.

NOTE 40. DEED OF CROSS GUARANTEE

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

- Clean TeQ Limited
- Resix Limited

NOTE 40. DEED OF CROSS GUARANTEE CONTINUED

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission ('ASIC'). It is a condition of the Class Order that the Company and each of its subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Clean TeQ Holdings Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

	2013 $'000	2012 $'000
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Revenue from continuing operations	10,424	12,095
Share of losses of joint ventures accounted for using the equity method	(161)	(153)
Gain on disposal of investment	1,383	-
Changes in finished goods	140	(653)
Raw materials and other direct costs	(9,783)	(5,392)
Employee benefits expenses	(3,086)	(2,607)
Impairment of capitalised development costs	(1,000)	(123)
Depreciation and amortisation expenses	(519)	(397)
Legal and professional expenses	(701)	(821)
Occupancy expenses	(239)	(212)
Marketing expenses	(271)	(204)
Other expenses	(633)	(560)
Finance costs	(96)	(100)
Profit/(loss) before income tax benefit	(4,542)	873
Income tax benefit	751	272
Profit/(loss) after income tax benefit	(3,791)	1,145
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	**(3,791)**	**1,145**
EQUITY – RETAINED PROFITS/(ACCUMULATED LOSSES)		
Retained profits at the beginning of the financial year	1,756	611
Profit/(loss) after income tax benefit	(3,791)	1,145
Transfer from options reserve	180	-
Retained profits/(accumulated losses) at the end of the financial year	(1,855)	1,756

	2013 $'000	2012 $'000
STATEMENT OF FINANCIAL POSITION		
Current assets		
Cash and cash equivalents	1,081	1,454
Trade and other receivables	3,717	2,559
Inventories	1,625	1,801
Income tax receivable	683	421
Other financial assets	121	75
	7,227	6,310
Non-current assets		
Receivables	304	-
Investments accounted for using the equity method	1,884	2,045
Other financial assets	169	667
Plant and equipment	372	442
Intangibles	9,998	9,889
	12,727	13,043
Total assets	19,954	19,353
Current liabilities		
Trade and other payables	3,799	2,412
Borrowings	3,573	24
Employee benefits	259	282
Other	848	1,353
	8,479	4,071
Non-current liabilities		
Borrowings	17	49
Deferred tax	44	106
Employee benefits	29	30
	90	185
Total liabilities	8,569	4,256
Net assets	11,385	15,097
Equity		
Issued capital	13,149	13,151
Reserves	91	190
Retained profits/(accumulated losses)	(1,855)	1,756
Total equity	11,385	15,097

NOTE 41. EVENTS AFTER THE REPORTING PERIOD

On 2 August 2013 the consolidated entity issued 17,317,866 unlisted convertible notes, with a conversion price of $0.10 (10 cents) per share, interest rate of 10% per annum and a maturity date of 1 August 2016. The price of each convertible note was $0.10 (10 cents), and the issue raised a total of $1,731,787 before costs.

No other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTE 42. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated	
	2013 $'000	2012 $'000
Profit/(loss) after income tax benefit for the year	(4,631)	1,248
Adjustments for:		
Depreciation and amortisation	568	499
Impairment of intangibles	1,000	123
Share-based payments	97	22
Non-cash license fee income	-	(2,000)
Share of associate losses	161	153
Cash re-classified as financing as held on security for bank guarantees	-	192
Earnout paid through share issue	-	94
Profit on disposal of discontinued operations	(582)	-
Hire purchase interest charges	6	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,226)	(1,296)
Decrease/(increase) in inventories	860	(760)
Increase in income tax refund due	(683)	(436)
Decrease/(increase) in deferred tax assets	(55)	63
Increase in trade and other payables	1,325	1,326
Increase/(decrease) in employee benefits	(74)	24
Increase/(decrease) in other operating liabilities	(541)	373
Net cash used in operating activities	**(3,775)**	**(375)**

NOTE 43. NON-CASH INVESTING AND FINANCING ACTIVITIES

	Consolidated	
	2013 $'000	2012 $'000
Issue of shares in lieu of services	**96**	**204**

NOTE 44. EARNINGS PER SHARE

	Consolidated	
	2013 $'000	2012 $'000
EARNINGS PER SHARE FROM CONTINUING OPERATIONS		
Profit/(loss) after income tax attributable to the owners of Clean TeQ Holdings Limited	**(5,213)**	**1,000**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	143,776,779	122,618,795
Adjustments for calculation of diluted earnings per share:		
Options	-	4,726,396
Weighted average number of ordinary shares used in calculating diluted earnings per share	**143,776,779**	**127,345,191**

	Cents	Cents
Basic earnings per share	(3.626)	0.816
Diluted earnings per share	(3.626)	0.785

	Consolidated	
	2013 $'000	2012 $'000
EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS		
Profit after income tax attributable to the owners of Clean TeQ Holdings Limited	**582**	**248**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	143,776,779	122,618,795
Adjustments for calculation of diluted earnings per share:		
Options	-	4,726,396
Weighted average number of ordinary shares used in calculating diluted earnings per share	**143,776,779**	**127,345,191**

	Cents	Cents
Basic earnings per share	0.405	0.202
Diluted earnings per share	0.405	0.195

NOTE 44. EARNINGS PER SHARE CONTINUED

	Consolidated	
	2013 $'000	2012 $'000
Earnings per share for profit/(loss)		
Profit/(loss) after income tax attributable to the owners of Clean TeQ Holdings Limited	(4,631)	1,248

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	143,776,779	122,618,795
Adjustments for calculation of diluted earnings per share:		
Options	-	4,726,396
Weighted average number of ordinary shares used in calculating diluted earnings per share	**143,776,779**	**127,345,191**

	Cents	Cents
Basic earnings per share	(3.221)	1.018
Diluted earnings per share	(3.221)	0.980

The options have been classified as potential ordinary shares and are included in the determination of diluted earnings per share, except where the consolidated entity has generated a loss.

The options on issue throughout the current financial year are not dilutive in effect, as the consolidated entity recorded a net loss in the year.

NOTE 45. SHARE-BASED PAYMENTS

On 24 September 2007 the Company introduced a share option plan for employees, directors and service providers of Clean TeQ ("the Plan"). The Plan entitles key management personnel, service providers and employees to purchase shares in the Company.

At the AGM on 15 November 2012, the shareholders approved the issue of 3 million unlisted share options to the directors of the consolidated entity. The options had an exercise price of 25% above Volume Weighted Average Price ('VWAP') on the date of issue, being $0.1935 (19.35 cents), and vested upon issue and are exercisable by 30 November 2015.

Set out below are summaries of options granted under the plan:

2013							
Grant date	**Expiry date**	**Exercise price**	**Balance at the start of the year**	**Granted**	**Exercised**	**Expired/ forfeited/ other**	**Balance at the end of the year**
09/11/07	09/11/12*	$0.600	535,000	-	-	(535,000)	-
24/04/08	24/04/13*	$0.410	10,000	-	-	(10,000)	-
20/05/08	20/05/13**	$0.500	10,000	-	-	(10,000)	-
01/07/08	01/07/12*	$0.360	75,000	-	-	(75,000)	-
01/04/09	01/04/13**	$0.210	10,000	-	-	(10,000)	-
01/04/09	01/04/14**	$0.230	10,000	-	-	(10,000)	-
22/06/09	22/06/13**	$0.360	10,000	-	-	(10,000)	-
22/06/09	22/06/14**	$0.400	10,000	-	-	(10,000)	-
05/03/10	05/03/13*	$0.600	582,011	-	-	(582,011)	-
04/03/10	04/03/13***	$0.345	125,000	-	-	(125,000)	-
01/07/10	01/07/13	$0.280	115,000	-	-	-	115,000
01/07/10	01/07/14	$0.310	115,000	-	-	-	115,000
01/07/10	01/07/15	$0.340	115,000	-	-	-	115,000
30/06/11	30/06/14	$0.080	1,000,000	-	-	-	1,000,000
30/06/11	30/06/15	$0.250	500,000	-	-	-	500,000
30/06/11	30/06/16	$0.400	500,000	-	-	(125,000)	375,000
16/02/12	16/02/15**	$0.175	1,000,000	-	-	(1,000,000)	-
16/02/12	16/02/15**	$0.250	500,000	-	-	(500,000)	-
15/11/12	30/11/15	$0.194	-	3,000,000	-	-	3,000,000
			5,222,011	**3,000,000**	**-**	**(3,002,011)**	**5,220,000**

* Options expired during the year.

** Options lapsed as employee ceased employment.

*** 110,000 options expired, 15,000 options lapsed as employee ceased employment.

**** Options lapsed as consultancy was terminated.

The weighted average number of years for share options issued under the Plan is 2.08 years (2012: 2 years).

On 15 November 2012 3,000,000 share options were granted to the directors of the Company and vested immediately. The share options were issued with an exercise price of $0.1935 (19.35 cents) and expire on 30 November 2015.

NOTE 45. SHARE-BASED PAYMENTS

2012

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
09/11/07	09/11/12	$0.600	535,000	-	-	-	535,000
24/04/08	24/04/13	$0.410	10,000	-	-	-	10,000
20/05/08	20/05/13	$0.500	10,000	-	-	-	10,000
01/07/08	01/07/12	$0.360	75,000	-	-	-	75,000
01/04/09	01/04/13	$0.210	10,000	-	-	-	10,000
01/04/09	01/04/14	$0.230	10,000	-	-	-	10,000
22/06/09	22/06/13	$0.360	10,000	-	-	-	10,000
22/06/09	22/06/14	$0.400	10,000	-	-	-	10,000
05/03/10	05/03/13	$0.600	582,011	-	-	-	582,011
04/03/10	04/03/13	$0.345	125,000	-	-	-	125,000
01/07/10	01/07/13	$0.280	115,000	-	-	-	115,000
01/07/10	01/07/14	$0.310	115,000	-	-	-	115,000
01/07/10	01/07/15	$0.340	115,000	-	-	-	115,000
30/06/11	30/06/14	$0.080	1,000,000	-	-	-	1,000,000
30/06/11	30/06/15	$0.250	500,000	-	-	-	500,000
30/06/11	30/06/16	$0.400	500,000	-	-	-	500,000
16/02/12	16/02/15	$0.175	-	1,000,000	-	-	1,000,000
16/02/12	16/02/15	$0.250	-	500,000	-	-	500,000
			3,722,011	1,500,000	-	-	5,222,011

On 16 February 2012, the company issued 1,500,000 to a consultant with a three year term to maturity. The exercise price in relation to 1,000,000 of these options was $0.175 (17.5 cents) and $0.25 (25 cents) in relation to the other 500,000.

For the options granted during the current financial year, the Black Scholes pricing model was used to value the options. The valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
15/11/12	30/11/15	$0.152	$0.194	30.00%	0.00%	4.50%	$0.2650

NOTE 46. CHANGE IN CLASSIFICATION

During the current year the consolidated entity modified the statement of profit or loss and other comprehensive income classification of administration expenses to better reflect the nature of certain significant expenses. Comparative amounts in the consolidated statement of profit or loss and other comprehensive income were reclassified for consistency, which resulted in $1.364 million being reclassified into legal and professional expenses ($0.821 million), occupancy expenses ($0.212 million), marketing expenses ($0.084 million) and other expenses ($0.247 million).

Since the amounts are reclassified within operating activities in the consolidated statement of profit or loss and other comprehensive income, this reclassification did not have any impact on the consolidated statement of financial position.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached consolidated financial statements, notes thereto and the Remuneration Report comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statement, notes thereto and the Remuneration Report comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached consolidated financial statements, notes thereto and Remuneration Report give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 40 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Peter Voigt
Director

6 September 2013
Melbourne

Independent auditor's report to the members of Clean TeQ Holdings Limited

Report on the financial report

We have audited the accompanying financial report of Clean TeQ Holdings Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 46 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

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

KPMG

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 under the heading "Going Concern" which indicates that the Group incurred a net loss after tax from continuing operations of $5,213,000 during the year ended 30 June 2013 and, as of that date, the Group's current liabilities exceeded its current assets by $1,252,000. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast doubt about the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 31 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Clean TeQ Holdings Limited for the year ended 30 June 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Tony Batsakis
Partner

Melbourne

6 September 2013

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 22 September 2013.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 – 1,000	20
1,001 – 5,000	117
5,001 – 10,000	115
10,001 – 100,000	352
100,001 and over	106
	710
Holding less than a marketable parcel	148

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Wasabi Energy Limited	22,526,127	15.66
Thierville Pty Ltd<The Star Super Fund A/C>	21,193,207	14.74
Nippon Gas Co Ltd	14,000,000	9.74
Mr Gregory L Toll + Mrs Margaret E Toll <Toll S/F A/C>	12,540,720	8.72
Aqua Guardian Group Limited	9,968,581	6.93
Jeremy's Haven Pty Ltd	5,690,310	3.96
Thierville Pty Ltd	4,550,801	3.16
Leymar International Pty Ltd	1,900,000	1.32
Graeme Michael Alun Hespe	1,636,683	1.14
Ambello Bacteria Cultures Pty Ltd	1,555,683	1.08
Mal Clarke & Associates Pty Ltd <Mal Clark Family A/C>	1,550,000	1.08
Mr David Neville Colbran	1,500,000	1.04
Mr Nikolia Zontov	1,316,534	0.92
Corp8 Inc	1,200,000	0.83
Bell Potter Nominees Ltd <BB Nominees A/C>	1,147,822	0.80
HSBC Custody Nominees (Australia) Pty Ltd	1,056,385	0.73
Yieldhi Enterprises Limited	983,288	0.68
Arcourt Resources NL	930,038	0.65
Mr Emil Tchernych	900,000	0.63
Healey Super Pty Ltd <Healey Super Fund A/C>	852,000	0.59
	106,998,179	**74.40**

Unquoted equity securities

The Company currently has the following unquoted securities:

Options over ordinary shares with various exercise prices and expiry dates	5,365,000
Convertible Notes with a face value of $0.10 (10 cents) and maturity date of 20 May 2016 with interest payable at a rate of 10%	18,406,116
Convertible Notes with a face value of $0.10 (10 cents) and maturity date of 1 August 2016 with interest payable at a rate of 10%	17,317,866

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Thierville Pty Ltd <The Star Super Fund A/C>	25,744,008	17.90
Wasabi Energy Limited	22,526,127	15.66
Nippon Gas Co Ltd	14,000,000	9.74
Mr Gregory L Toll + Mrs Margaret E Toll <Toll S/F A/C>	12,540,720	8.72
Aqua Guardian Group Limited	9,968,581	6.93

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

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CORPORATE DIRECTORY

COMPANY

The registered office of the company is:

Clean TeQ Holdings Limited

Melbourne – Head Office
270-280 Hammond Road
Dandenong South, Victoria 3175
Australia
Ph: +61 3 9797 6700
Fax: +61 3 9706 8344
www.cleanteq.com

DIRECTORS

Sam Riggall (Chairman and Non-Executive Director)

Peter Voigt (Executive Director and Chief Executive Officer)

Greg Toll (Executive Director)

Roger Harley (Non-Executive Director)

Ian Knight (Non-Executive Director)

COMPANY SECRETARY

Melanie Leydin

AUDITOR

KPMG
147 Collins Street
Melbourne, Victoria 3000

BANKERS

BankWest
6th Floor, Bourke Place
600 Bourke Street
Melbourne, Victoria 3000

LAWYERS

Minter Ellison
Level 23 South, Rialto Towers
525 Collins Street
Melbourne, Victoria 3000

SHARE REGISTRY

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067
Ph: +61 3 9415 5000
Fax: +61 3 9473 2500

ANNUAL GENERAL MEETING

21 November 2013 at 10.00am (AEDT)

The Institute of Chartered Accountants
Level 3, 600 Bourke Street
Melbourne, Victoria 3000

STOCK EXCHANGE LISTING

Clean TeQ Holdings Limited is listed on the Australian Stock Exchange (Code: CLQ)

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CleanTeQ
environmental innovation

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ABN 34 127 457 916

270-280 Hammond Road
Dandenong South VIC 3175

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ASX code: CLQ