AstiVita Renewables Limited

Annual Report

For the Year Ended 30 June 2011

ABN: 46 139 461 733
ASX Code: AIR

AstiVita Renewables Limited

For the Year Ended 30 June 2011

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AstiVita Renewables Limited

Chairman's Review 2011

AstiVita Responds to Rapidly Evolving Renewable Energy Market

The Result

The 2011 financial year profit result was impacted by tepid housing market conditions, intense price competition from new solar panel market participants and changes to government incentives which impact the cost incurred by householders for solar panels. These market conditions and changes to government incentives were more pronounced in the second half of the financial year.

Against this background, AstiVita recorded an after-tax profit of $3.1M or 13.5 cents per share. This compares to an after-tax profit of $3.9M for the 2010 year.

A final fully franked dividend of 4 cents per share will be paid on 2 December 2011, taking the full year dividend to 8 cents .

The balance sheet remains debt-free.

Response to Difficult Operating Environment

The difficult trading conditions experienced in the second half are unlikely to ease in the immediate term.
In response to the changed business environment, the company is exploring fresh marketing, pricing and business operating initiatives to re-invigorate sales volumes and to restore margins to more acceptable levels. One such initiative under consideration is to acquire the specialist capabilities to process and deal in Renewable Energy Certificates on behalf of plumbers, electricians and other participants in the solar panel and related sectors.

In addition, a new enterprise software solution to support specific sales and marketing strategies and improve the warehousing, receipt and despatch of stock is scheduled for implementation by December 2011.
Furthermore, a deliberate effort is being made to boost bathroom & kitchen appliance sales to a level commensurate with the level of solar panel sales volumes. The Board believe that there are strategic benefits in consciously working toward this objective.

2012 Financial Year Outlook

AstiVita seeks to remain a low cost supplier of world class solar and bathroom & kitchen products at price points below that of many of our competitors.

On this basis, we are confident that over the medium term we can achieve satisfactory shareholder returns and build a profitable, growth oriented business for the benefit of all stakeholders.

Kerry Daly
Chairman
Dated 9 September 2011

Your Directors present their report on AstiVita Renewables Limited ("AstiVita or AIR") and its controlled entities ("Group") for the financial year ended 30 June 2011.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Appointed
K Daly	Chairman	28 Feb 2011
K Daly	Non-executive Director	15 Sept 2009 - 28 Feb 2011
R Welford	Non-Executive Director	28 Feb 2011
R Welford	Chairman	15 Sept 2009 - 28 Feb 2011
J Beith	Director of Procument and Marketing	29 Mar 2011
J Beith	Managing Director	15 Sept 2009 - 29 Mar 2011
L Mizikovsky	Non-executive Director	
R Dudurovic	Non-executive Director	
R Lynch	Non-executive Director	28 Feb 2011

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following persons held the position of company secretary at the end of the financial year:

GB Acton (B.Com, ACA, GAICD) - Employed by Tamawood Limited for tweleve years. An Executive Director for Tamawood for seven and a half years. Joint company secretary since 15 September 2009.

CA Jackson - Employed by Tamawood for six and a half years. Previously Group Financial Manager for Computer Configurations Limited. Joint company secretary since 15 September 2009.

Principal Activities

During the year the principal continuing activities of the Group consisted of import, warehouse and distribution of bathroom, kitchen and solar products for sale to a range of retailers, plumbing merchants, hardware suppliers, and licensed dealers.

There was no change to the above activities during the year.

Operating Results

The 2011 financial year profit result was impacted by tepid housing market conditions, intense price competition from new solar panel market participants and changes to government incentives which impact the cost incurred by householders for solar panels. These market conditions and changes to government incentives were more pronounced in the second half of the financial year.

Against this background, AstiVita recorded an after-tax profit of $3.1M or 13.5 cents per share. This compares to an after-tax profit of $3.9M for the 2010 year.

The Group is implementing an enterprise software system that will allow greater intergration across the operations of the Group and enable the Group to respond to market opportunities more pro-actively.

Operating Results continued
Review of Operations

AstiVita B&K

A deliberate effort is being made to boost bathroom & kitchen appliance sales to a level commensurate with the level of solar panel sales volumes.

Solarpower

AstiVita is exploring fresh marketing, pricing and business operating initiatives to re-invigorate sales volumes and to restore margins to more acceptable levels. One such initiative under consideration is to acquire the specialist capabilities to process and deal in Renewable Energy Certificates on behalf of plumbers, electricians and other participants in the solar panel and related sectors.

Review of Financial Position

The net assets of the Group were $13.2 million as at 30 June 2011 (2010: $10.8 million). The Group continues to fund growth primarily from earnings. The Board is in discussions regarding suitable funding facilities to meet future working capital requirements.

Dividends Paid or Recommended

Dividends paid or declared during the financial year are as follows:

Dividends	**$'000**
Interim ordinary dividend of 4 cents per share paid on 3 June 2011	927
Final ordinary dividend of 4 cents per share payable on 2 December 2011 (not yet provided for in the financial report)	939

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Group during the year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may signficantly affect:

a) the Group's operations in future years; or

b) results of those operations in future financial years; or

c) the Group's state of affairs in future years.

Future Developments, Prospects and Business Strategies

In the face of increased competition, the Group will focus on improving operational efficiencies with the aid of an advanced enterprise software system, expand its product offering to include internationally recognised brands such as Bompani appliances and optimise its supply chain with a view to remaining a low cost supplier.

Director Information

Information on Directors

K Daly	Chairman
Qualifications	B. Bus (Accountancy) CPA
Experience	Independent Non-executive Director for 11 years. Executive Director of Grange Securities Limited and of Lehman Brothers Australia Limited from January 2001 to July 2008. Previously Managing Director and Chief Executive Officer of The Rock Building Society Limited from 1987 to January 2001.
Interest in Shares	289,000
Special Responsibilities	Chairman of Nomination Committee Member of Nomination Committee Member of Audit Committee Member of Risk Management Committee Member of Remuneration Committee.
Directorships held in other listed entities	Non-executive Director of Collection House Limited (from October 2009) Non-executive Director of Trustees Australia Limited (from March 2009) Non-executive Chairman of Tamawood Limited (from July 2008).
R Welford	Non-executive Director
Qualifications	B.A (Hons), LLB, Grad Dip Legal Practice, Grad Dip Industrial Relations, M.Sc (Enviromental Management)
Experience	Chief Executive, Australian Council of Recycling Inc, Non-Executive Chairman, Energy Management Institute Ltd, Non-Executive Director, International River Foundation Ltd. Previously Minister for Education and Training and Minister of the Arts (Queensland) Non-Executive Director, Stanwell Corporation Limited
Interest in Shares	220,000
Special Responsibilities	Member of Remuneration Committee Member of Risk Management Committee
Directorships held in other listed entities	None
J Beith	Director of Procurement and Marketing
Experience	Founding shareholder of AstiVita B&K, Managing Director of AstiVita Renewables Limited from December 2004 to April 2011.
Interest in Shares	5,494,522
Special Responsibilities	Member of Risk Management Committee
Directorships held in other listed entities	None

Information on Directors continued

L Mizikovsky	Non-executive Director
Qualifications	NZCD (ARCH), FAICD
Experience	Executive Director of Tamawood Limited since August 2000 and Managing Director of Tamawood Limited from 2003 to February 2010
Interest in Shares	8,262,220
Special Responsibilities	Member of the Audit Committee Member of Nomination Committee Member of Risk Management Committee.
Directorships held in other listed entities	Executive Director of Tamawood Limited (from August 2000)

R Dudurovic	Non-executive Director
Qualifications	B Com (Hons), LLB (Hons)
Experience	Non-executive Chairman - Queensland Manufacturing Industries Pty Ltd
Interest in Shares	230,000
Special Responsibilities	Chairman of Audit Committee Member of Nomination Committee Member of Risk Management Committee.
Directorships held in other listed entities	Non-executive Director of Tamawood Limited (from August 2007)

R Lynch	Non-executive Director
Qualifications	LREA, Justice of Peace
Experience	Member of Exeutive Committee of Mirvac Group for 15 years. Chief Executive of Claredon Homes, for two years.
Interest in Shares	64,020
Special Responsibilities	Member of Risk Management Committee
Directorships held in other listed entities	Non-executive Director of Tamawood Limited (from July 2008)

Meetings of Directors

The number of meetings of the Board of Directors and of each Board Committee held during the year, and the number of meetings attended by each Director were:

	Directors' Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Risk Committee Meetings		Nomination Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
K Daly	12	12	2	2	1	1	1	1	1	1
R Welford	12	9	-	2*	1	1	1	1	-	1*
J Beith	12	10	-	2*	-	1*	1	1	-	1*
L Mizikovksy	12	11	2	2	1	1	1	1	1	1
R Dudurovic	12	11	2	2	-	1*	1	1	1	1
R Lynch	4	4	-	-	-	-	-	-	-	-
*** By invitation**										

Audited Remuneration Report

This report details the nature and amount of remuneration for the key management personnel of the Group, including the Directors, and executives receiving the highest remuneration.

Remuneration Policy

The performance of AstiVita depends upon the quality of its key management personnel. To prosper, the Group must attract, motivate and retain highly skilled Directors and other key management personnel.

To this end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives.
- Link executive rewards to shareholder value.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-executive Director and Executive remuneration is separate and distinct.

No element of Non-executive Director remuneration is directly linked to profit performance. Remuneration is approved at the annual general meeting and is currently capped at $250,000. Detials of remuneration which is linked to performance is detailed in the service agreement note for key management personnel.

The following table shows the gross revenue, profits and dividends for the last five years for the Group, as well as the share prices at the end of the respective financial years.

	2007	2008	2009	2010	2011
	$	$	$	$	$
Revenue	7,784	9,712	13,537	38,637	53,627
Net Profit	546	611	694	3,895	3,132
Share Price at Year-end	$ -	$ -	$ -	$ 0.92	$ 0.93
Dividends Paid/Payable	-	-	-	-	927

The above analysis of the results shows an increase in profits for the financial years 2007 through 2010. A minor reduction in net profit was experienced in financial year 2011. Remuneration of executive directors and senior management is linked to performance by applying challenging financial measures to assess performance and ensuring these measures focus management on operational objectives that create shareholder value. The Board believes the remuneration structure will underpin the ongoing performance of the Group. This confidence is reflected in the Board's decision to pay an interim dividend of 4 cents per ordinary share to shareholders and a decision to provide for a final dividend of 4 cents per ordinary share.

Remuneration details for the year ended 30 June 2011

Details of the nature and amount of each element of the remuneration of the key management personnel of the Group and the other executives of the company and the Group receiving the highest remuneration for the year ended 30 June 2011 are set out in the following tables.

AstiVita Renewables Limited

Directors' Report
30 June 2011

Remuneration details for the year ended 30 June 2011 continued
Table of benefits and payments

	Short Term Benefits			Post Employment Benefits	Long term employee benefits long service leave	
	Cash salary fees	Commission and Bonus	Non monetary benefit	Superannuation		
2011	**$**	**$**	**$**	**$**	**$**	**$**
Directors						
K Daly (Chairman) 1	30,000	-	-	50,000	-	80,000
R Welford (Non-executive Director) 2	40,000	-	-	50,000	-	90,000
J Beith (Director of Procurement and Marketing) 3	164,489	-	3,286	13,194	15,005	195,974
L Mizikovsky (Non-executive Director)	-	-	-	-	-	-
R Dudurovic (Non-executive Director)	25,000	-	-	50,000	-	75,000
R Lynch (Non-executive Director)	8,333	-	-	-	-	8,333
Sub-total executive and non-executive directors	267,822	-	3,286	163,194	15,005	449,307
Other key management personnel						
A Windred (Bompani Sales Manager)^	71,816	58,381	-	6,464	-	136,661
G Goddard (AstiVita B&K National Sales Manager)^	52,004	33,409	-	28,811	554	114,778
S Webber (Solarpower General Manager)^	90,384	37,065	-	8,134	1,128	136,711
D Jonnathan (Administration Manager)^	61,131	-	-	5,378	202	66,711
S Ison (Warehouse Manager)^	65,396	20,000	-	5,702	1,030	92,128
H Hamilton (Chief Executive Officer)	45,383	-	-	4,084	-	49,467
C Jackson (Joint Company Secretary)	10,010	-	-	-	-	10,010
G Acton (Joint Company Secretary)^ 4	89,547	-	-	-	-	89,547
Sub-total key management personnel	485,671	148,855	-	58,573	2,914	696,013
	753,493	148,855	3,286	221,767	17,919	1,145,320

Remuneration details for the year ended 30 June 2011 continued

1 K Daly appointed Chairman on 28 February 2011, previously non-executive Director 15 September 2009 - 28 February 2011

2 R Welford, previoulsy Chairman 15 September 2009 - 28 February 2011, became non-executive Director 28 February 2011,

3 J Beith appointed Director of Procument and Marketing 29 March 2011, previously Managing Director 15 September 2009 - 29 March 2011

4 G Acton acted as Chief Financial Officer

Remuneration details for the year ended 30 June 2011 continued

	Short term			Post employment	Long term employee benefits long service leave	
	Cash salary fees	Commission and Bonus	Non monetary benefit	Superannuation		
2010	$	$	$	$	$	$
Directors						
K Daly (Non-executive Director)	8,750	-	-	25,000	-	33,750
R Welford (Chairman)	17,500	-	-	25,000	-	42,500
J Beith (Managing Director)	122,843	-	15,493	9,003	7,188	154,527
L Mizikovsky (Non-executive Director)	-	-	-	-	-	-
R Dudurovic (Non-executive Director)	8,750	-	-	25,000	-	33,750
Sub-total executive and non-executive directors	157,843	-	15,493	84,003	7,188	264,527
Other key management personnel						
A Windred (Solarpower Sales Manager)^	69,985	109,413	-	13,786	4,361	197,545
G Goddard (AstiVita B&K National Sales Manager)^	57,783	32,524	-	19,270	1,827	111,404
D Jonnathan (Administration Manager)^	48,072	-	-	4,326	5,041	57,439
S Ison (Warehouse Manager)^	59,622	20,000	-	5,366	6,360	91,348
C Jackson (Company Secretary)*	-	-	-	-	-	-
G Acton (Company Secretary)*	-	-	-	-	-	-
Sub-total key management personnel	235,462	161,937	-	42,748	17,589	457,736
	393,305	161,937	15,493	126,751	24,777	722,263

^ Included as one of the 5 highest paid executives of the Group or the company, as required under the Corporations Act 2001.

* Company secretaries received their remuneration from the former parent company in 2010.

Cash performance-related bonuses

The terms and conditions relating to bonuses granted as remuneration during the year to key management personnel and other executives during the year are as follows:

Cash bonuses	Bonus and Commissions paid $	% of total remuneration	% forfeited in period
Key Management Personnel - 2011			
A Windred (Bompani Sales Manager)	58,381	43	-
G Goddard (AstiVita B&K Sales Manager)	33,409	29	-
S Webber (Solarpower General Manager)	37,065	27	45
S Ison (Warehouse Manager)	20,000	22	-
Key Management Personnel - 2010			
A Windred (Solarpower Sales Manager)	109,413	55	-
G Goddard (AstiVita B&K National Sales Manager)	32,524	29	-
S Ison (Warehouse Manager)	20,000	22	-

Each of the bonuses described in the table above were awarded in accordance with the terms of the bonus scheme and the relevant key performance indicators.

No amounts vest in future financial years in respect of the bonus schemes for the current financial year.

The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year.

Employment details of members of key management personnel and other executives

Service agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

The remuneration and other terms of employment for the Executive Director and senior executives are set out in formal service agreements as summarised below.

All service agreements are for an unlimited duration unless specified within the service agreement. The Executive Director and Chief Executive Officer require three months notice for termination.

In cases of resignation, no separation payments are made to executives, except for amounts due and payable up to the date of ceasing employment, including accrued leave entitlements.

The following key management personnel have service agreements:

Mr J Beith (Director), has a consulting agreement with AstiVita Renewables Limited which took effect from the date of his resignation as Managing Director on 29 March 2011. The agreement contains the following key provisions:

i AstiVita Renewables may terminate this agreement by giving three months written notice;

ii Annual consulting fees total $275,000; and

iii Confidentiality and intellectual property provisions.

Mr H Hamilton (Chief Executive Officer) has an executive service agreement with an annual remuneration including superannuation of $200,000. Mr Hamilton has resigned from his position and in accordance with his agreement provided three months written notice and will depart on 7 October 2011.

Mr S Webber (Solarpower Sales Manager) has an executive service agreement with Solarpower Pty Ltd. The agreement contains the following key provisions:

i Annual salary including superannuation of $120,000;

ii Bonus entitlement of 75% of salary; up to a maximum of $90,000, based on achieving set KPI's. Mr Webber earned $37,065 out of a maximim of $90,000 in the financial year 30 June 2011; and

iii One month's written notice is required by either party to terminate the agreement.

Mr G Goddard (AstiVita B&K National Sales Manager), has an executive service agreement with AstiVita Bathrooms & Kitchens Pty Ltd. The agreement contains the following key provisions:

i Annual salary including superannuation of $80,000; and

ii He has entitlement to a profit share bouns of 2% of the profit before tax of AstiVita Bathrooms & Kitchens Pty Ltd.

iii Two weeks written notice is required by either party to terminate the agreement.

Executives' Remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- Align the interests of executives with those of shareholders;
- Link rewards with the strategic goals of the Group; and
- Ensure total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed executive remuneration

- Other remuneration such as superannuation
- Commission and bonuses payable .

End of Remuneration Report.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is attached to this Directors' Report.

Non-audit Services

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board (APESB).

The following fees were paid or payable to the external auditors (BDO Audit (Qld) Pty Ltd) for audit and non-audit services provided during the year ended 30 June 2011:

	2011	2010
	$	$
Audit and review of financial statements	**65,000**	15,485
Taxation services	**24,763**	3,039
Agreed upon procedure stock take February after Brisbane floods	**13,662**	-
Forensic accounting services post Brisbane floods for insurance claim	**14,333**	-
Independent Accountant Report for Prospectus	**-**	35,879
	117,758	54,403

Insurance of Officers

During the year, AstiVita paid a premium to insure the Directors, Secretaries and officers of the Group. The liabilities insured exclude conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group.

The total amount of insurance contract premiums was $8,125 (2010 - $8,442).

No other insurance or indemnities have been provided to officers or the auditor.

AstiVita Renewables Limited

Directors' Report
30 June 2011

Environmental Regulations

The operations of AstiVita are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Options

No options over unissued shares or interests in AstiVita or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Legal Proceedings on Behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

Rounding of Amounts

The Group is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Board of Directors.

K Daly

Chairman

Dated 9 September 2011

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DECLARATION OF INDEPENDENCE BY PAUL GALLAGHER TO THE DIRECTORS OF ASTIVITA RENEWABLES LIMITED

As lead auditor of AstiVita Renewables Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of AstiVita Renewables Limited and the entities it controlled during the period.

Paul Gallagher

Director

BDO Audit (QLD) Pty Ltd

Brisbane, 9 September 2011

AstiVita Renewables Limited

Corporate Governance Statement

The Board of Directors of AstiVita Renewables Limited ("AstiVita"), is responsible for the corporate governance of the consolidated entity comprising AstiVita and its controlled entities ("Group"). The Board:

1. Guides and monitors the business and affairs of the Group on behalf of the Group's members, to whom they are accountable.
2. Provides corporate strategy and guidance.
3. Reviews appropriate plans and annual budgets, including allocation of resources and capital expenditure.
4. Monitors financial performance.
5. Protects and enhances the Group's reputation.
6. Ensures compliance with regulatory and other requirements, and manages risks to the Group.
7. Appoints the Managing Director and appraises their performance.

Day to day management of the Group's affairs and the execution of the corporate strategy and policy implementation is delegated to the Chief Executive Officer and senior management. The delegation policy is reviewed at least annually.

The Board has established the following guidelines to ensure the effective operation and discharge of its responsibilities.

Composition of the Board

The Board of AstiVita presently comprises six Directors. Five Directors are Non-executive Directors, four of whom are independent including the Chairman. The Board of AstiVita is compliant with the Australian Securities Exchange ("ASX") best practice corporate governance guidelines for Board composition.

The majority of members of the Board are independent, and the Board believes that the individuals on the Board can make and do make quality and independent judgments in the best interests of the Group on all relevant issues. The Directors are able to obtain independent advice at the expense of the Group. The skills, experience and term of office of each Director is disclosed in the Directors' Report.

Directors of AstiVita are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or should reasonably be perceived to materially interfere with unfettered and independent judgment.

When determining whether a Non-executive Director is independent the Director must not fail any of the following materiality thresholds:

- Greater than 10% of Group shares are held by the Director and any entity or individual directly associated with the Director; and
- None of the Director's income or the income of an individual or entity directly associated with the Director is derived from a contract with any member of the economic entity other than income derived as a Director of the entity.

Chairman of the Board

The Chairman is an independent Non-executive Director. The Board believes that the Chairman is able, and does, bring quality and impartial judgment to all relevant issues falling within the scope of the role of Chairman.

Board Committees

The Board has established the following Committees:

- Audit Committee
- Risk Management Committee
- Remuneration Committee
- Nomination Committee.

Safeguarding Integrity in Financial Reporting

Statement to the Board by the Chief Operations Officer

The Board requires the Chief Executive Officer and Chief Financial Officer to state in writing to the Board that the financial reports of the Group present a true and fair view in all material respects of the financial condition and operational results of the Group and are in accordance with relevant accounting standards. This statement has been provided.

Audit Committee

The Board established an Audit Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes such as the benchmarking of operational key performance indicators. The Audit Committee provides a forum for effective communication between the Board and the external auditors. The Audit Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial report.

At least one member of the Audit Committee must have financial expertise (i.e is a qualified accountant or other financial professional with expertise in financial and accounting matters), and some members who have an understanding of the industry in which the Group operates. The skills and experience of each member of the Audit Committee are disclosed in the Directors' Report.

The Audit Committee makes a report to the Board in relation to matters relevant to the Committee including:

(i) assessment of whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs;
(ii) assessment of the management processes supporting external reporting;
(iii) procedures for the selection and appointment of the external auditor;
(iv) recommendations for the appointment or removal of an auditor;
(v) assessment of the performance and independence of the external auditors; and
(vi) the results of its review of risk management and internal control systems.

The Audit Committee meets at least once a year with the auditors without the presence of any executive members.

The Audit Committee comprises three members, two of whom are independent non-executive Directors including the Chairman. Two of the members have extensive accounting experience.

During the 2011 financial year the members of the Audit Committee were:

Rade Dudurovic (Chairman)
Kerry Daly
Lev Mizikovsky

Corporate Governance Statement

Details of the qualifications of members and attendance at Audit Committee meetings are shown in the Directors' Report.

The Audit Committee met two times during the year.

External Auditors

The Company and the Audit Committee policy is to engage auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually.

An analysis of fees paid to the external auditors, including details of fees for non-audit services if any, are shown in the Directors' Report. It is the policy of the external auditors to provide an annual declaration of independence to the Audit Committee. This declaration has been provided.

The external auditor is required to attend the Annual General Meeting of AstiVita and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Risk Management Committee

The prime purpose of the Risk Management Committee is to identify those areas of risk which are most likely to cause major disruption and damage to the business of the Group and to implement, with Board approval, plans and procedures which will mitigate any damage.

The Risk Management Committee comprises all the Directors of AstiVita. The Risk Management Committee meets as often as is considered necessary.

The Committee is responsible for:

- The identification of major risks to the Group and its business
- Prioritising risks according to perceived likelihood of occurrence and impact
- The measurement of the financial and other effects of risks identified
- Design of risk minimisation techniques and procedures
- Recommendations to the Board of risk minimisation implementation
- Implement Board approved plans and procedures.

The identification of risk and its management is an ongoing process in the context of a growing and changing business and regulatory environment, and the Committee is constantly re-examining its recommendations to ensure that the new risks are identified, understood and the appropriate responses structured and put into effect.

Remuneration Committee

The Group intends to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined. The Remuneration Committee consists of three members two of whom are independent Non-executive Directors, including the Chairman.

The remuneration policy of the Group has been formulated so that the policy motivates Directors and management to pursue the long-term growth and success of the Group within an appropriate control framework.

The Remuneration Committee reviews the performance, and negotiates the remuneration of all Directors.

The Group believes that the members of the Remuneration Committee can make, and do make, quality and independent judgments in the best interests of the Group on remuneration issues.

Corporate Governance Statement

During the 2011 financial year the members of the Remuneration Committee were:

Rod Welford (Chairman)
Kerry Daly
Lev Mizikovsky

Nomination Committee

The Nomination Committee consists of three members, two of whom are independent Non-executive Directors, including the Chairman. The Committee meets annually to ensure the Board operates within the established guidelines, coordinates Board succession as well as evaluation of Directors' performance and competencies.

The Committee:

1. Conducts an annual review of the membership of the Board having regard to the present and future perceived needs of the Group, and makes recommendations as considered appropriate to the full Board.
2. Annually examines the independence status of each Director.
3. Oversees the annual review and assessment program.

During the 2011 financial year the members of the nomination committee were:

Kerry Daly (Chairman)
Rade Dudurovic
Lev Mizikovsky

The Nomination Committee meets once during the year.

Independent Professional Advice and Access to Group Information

Each Director has the right of access to relevant Group information and the executive management team. Directors may seek independent professional advice at the Group's expense following consultation with the Chief Executive Officer and with approval from all Directors at a Directors' meeting. A copy of advice received by the Director is made available to all other members of the Board.

Conflict of Interest

In accordance with the Corporations Act 2001 and the Company's Constitution, the Directors must advise the Board on an on-going basis of any interests that might conflict with those of the Group. Where the Board believes that a conflict exists, the Director concerned is not permitted to be present at the meeting when the relevant issue is considered and does not receive the relevant Board papers.

Code of Conduct

Directors bear individual responsibility for the performance of their duties before the law, and collective responsibility for the behaviour of the Board.

The following code of conduct encompasses the legislative and common law requirement of Directors, as well as the specific behaviours that the Group expects of Directors.

AstiVita Renewables Limited

Corporate Governance Statement

AstiVita has adopted the code of conduct as pronounced by the Australian Institute of Company Directors. This code provides that:

1. A Director must act honestly, in good faith and in the best interest of the Group as a whole.
2. A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to the office.
3. A Director must use the powers of office for a proper purpose, in the best interests of the Group as a whole.
4. A Director must recognise that the primary responsibility is to the Group's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Group.
5. A Director must not make improper use of information acquired as a Director.
6. A Director must not take improper advantage of the position of Director.
7. A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Group.
8. A Director has an obligation to be independent in judgment, and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
9. Confidential information received by a Director in the course of the exercise of directorial duties remains the property of the Group from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that Group or the person from whom the information is provided, or is required by law.
10. A Director should not engage in conduct likely to bring discredit upon the Group.
11. A Director has an obligation, at all times, to comply with the spirit, as well as the letter of the law and with principles of the code.

Shareholder Relations and Market Disclosure

The Board aims to ensure that shareholders and other stakeholders have equal and timely access to material information concerning the Group. Information is communicated through:

- The Annual Report which is distributed to all shareholders and the Australian Securities Exchange.
- Notices of the Annual General Meeting and other meetings of members called as required to obtain approval for Board action.
- Timely announcements through the Australian Securities Exchange announcements platform.
- The Half Year Report containing summarised financial information and review of operations for that period.

The Board encourages full participation of shareholders at the Annual General Meeting.

Guidelines for Trading Company Securities

The Board has approved and communicated a policy on the trading of its securities by Directors and employees. Group policy prohibits Directors and employees from dealing in AstiVita shares whilst in possession of price sensitive information, on the following basis:

a) Directors cannot alter any orders to buy or sell that currently sit on broker screens.
b) Directors cannot create new orders to buy or sell.

1. This policy statement applies to Directors, officers, and employees of any subsidiary company of AstiVita.

2. The Corporations Act 2001 specifically prohibits a person from purchasing or selling shares where such person (called "an insider") possesses information that is not generally available but, if the information were generally available, would have a material effect on the price of shares in AstiVita. The prohibition extends to the external advisers and designated officers who should be aware of the need to enforce confidentiality against such external advisors, where applicable. The law also prohibits a person from procuring others to trade when a designated officer is precluded from trading.

3. Designated officers must provide notification to the Company Secretary of intended trading activities in AstiVita shares. The exception to this requirement is for the trading of shares under a Dividend Re-investment Plan, or Employee Share Plan.

4. Written confirmation or a copy of the contract note evidencing the share trading transaction must be provided to the Company Secretary within 3 business days of the transaction.

5. The Company Secretary is to notify the Directors of the above trading restrictions for impending announcements of the Group's year end and half year financial results.

6. The Chairman may exercise his discretion to permit trading by designated officers in specific circumstances. Such circumstances include financial hardship or circumstances of a personal nature.

7. This trading policy applies to financial products issued or created over AstiVita shares by third parties.

8. This policy does not prohibit designated officers entering into a transaction in associated products, which operate to limit the economic risk of their shareholdings in AstiVita.

9. The Board recognises the benefits of equity participation by employees and Directors and encourages employees and Directors to acquire shares in the appropriate circumstances.

AstiVita Renewables Limited

Directors' Declaration

The Directors of the Group declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the consolidated entity.

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

4. The Directors draw attention to Note 1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Board of Directors.

KDaly

Chairman

Dated 9 September 2011

AstiVita Renewables Limited

Consolidated Statement of Financial Position
30 June 2011

	Note	2011 $'000	2010 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**2,494**	2,890
Trade and other receivables	10	**7,109**	7,468
Inventories	11	**8,434**	4,033
Other current assets	12	**450**	1,724
Total current assets		**18,487**	16,115
Non-current assets			
Property, plant and equipment	13	**94**	64
Intangible assets	14	**227**	-
Deferred tax assets	15	**171**	234
Total non-current assets		**492**	298
TOTAL ASSETS		**18,979**	16,413
LIABILITIES			
Current liabilities			
Trade and other payables	16	**4,269**	3,022
Current tax liabilities		**1,234**	1,578
Short-term provisions	18	**201**	95
Total current liabilities		**5,704**	4,695
Non-current liabilities			
Interest bearing liabilities	17	**-**	962
Long-term provisions	18	**9**	-
Total non-current liabilities		**9**	962
TOTAL LIABILITIES		**5,713**	5,657
NET ASSETS		**13,266**	10,756
EQUITY			
Issued capital	19	**6,206**	5,901
Retained earnings		**7,046**	4,855
Parent interest		**13,252**	10,756
Non-controlling interests		**14**	-
TOTAL EQUITY		**13,266**	10,756

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

AstiVita Renewables Limited

Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2011

	Note	2011 $'000	2010 $'000
Revenue from continuing operations	2	**53,627**	38,637
Other income	3	**1,250**	-
Changes in inventories of finished goods		**4,401**	852
Purchase of goods	2	**(48,442)**	(30,704)
Employee benefit expense		**(2,182)**	(1,185)
Depreciation	13	**(47)**	(42)
Borrowing costs		**(37)**	(103)
Flood expenses - impairment of stock		**(1,328)**	-
Flood expenses - flood clean up costs		**(73)**	-
Other expenses		**(2,665)**	(1,891)
Profit before income tax		**4,504**	5,564
Income tax expense	5	**(1,372)**	(1,669)
Profit for the year		**3,132**	3,895
Other comprehensive income		**-**	-
Total comprehensive income for the year		**3,132**	3,895
Profit for the year attributable to:			
Owners of AstiVita Renewables Limited		**3,118**	3,895
Non-controlling interests		**14**	-
		3,132	3,895
Total comprehensive income for the year attributable to:			
Owners of AstiVita Renewables Limited		**3,118**	3,895
Non-controlling interests		**14**	-
		3,132	3,895
Earnings per share			
Basic earnings per share (cents)	29	**13.50**	19.50
Diluted earnings per share (cents)	29	**13.50**	19.50

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes

AstiVita Renewables Limited

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2011

2011	Note	Issued Capital $'000	Retained Earnings $'000	Parent Interest $'000	Non-controlling Interests $'000	Total Equity $'000
Balance at 1 July 2010		**5,901**	**4,855**	**10,756**	**-**	**10,756**
Comprehensive income for the year						
Profit for the year		**-**	**3,118**	**3,118**	**14**	**3,132**
Total comprehensive income for the year		**-**	**3,118**	**3,118**	**14**	**3,132**
Transactions with owners in their capacity as owners						
Dividends paid	6	**-**	**(927)**	**(927)**	**-**	**(927)**
Shares issued	19	**305**	**-**	**305**	**-**	**305**
Balance at 30 June 2011		**6,206**	**7,046**	**13,252**	**14**	**13,266**
2010						
Balance at 1 July 2009		1	959	960	-	960
Comprehensive income for the year						
Profit for the year		-	3,896	3,896	-	3,896
Total comprehensive income for year		-	3,896	3,896	-	3,896
Transactions with owners in their capacity as owners						
Shares issued		5,900	-	5,900	-	5,900
		5,900	3,896	9,796	-	9,796
Balance at 30 June 2010		5,901	4,855	10,756	-	10,756

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

AstiVita Renewables Limited

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2011

	Note	2011 $'000	2010 $'000
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
Receipts from customers (GST inclusive)		**58,322**	35,580
Payments to suppliers and employees (GST inclusive)		**(56,467)**	(36,233)
Interest received		**77**	57
Insurance recovery		**1,250**	-
Interest paid		**(37)**	(103)
Income taxes paid		**(1,653)**	(280)
Net cash provided by (used in) operating activities	25	**1,492**	(979)
CASH FLOWS RELATED TO INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(77)**	(48)
Proceeds from sale of property, plant and equipment		**-**	3
Payment for intangible asset		**(227)**	-
Net cash used in investing activities		**(304)**	(45)
CASH FLOWS RELATED TO FINANCING ACTIVITIES			
Proceeds from share issue on listing		**-**	1,700
Proceeds from long term liabilities		**-**	1,482
Repayment of long term liabilities		**(962)**	(549)
Dividend paid		**(622)**	-
Net cash provided by (used in) financing activities		**(1,584)**	2,633
Net increase (decrease) in cash held		**(396)**	1,609
Cash and cash equivalents at beginning of year		**2,890**	1,281
Cash and cash equivalents at end of year	9	**2,494**	2,890

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

1 Statement of Significant Accounting Policies

The financial statements of AstiVita Renewables Limited ("AstiVita") for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the Directors on 9 September 2011. The financial statements cover the consolidated entity consisting of AstiVita and its subsidiaries ("Group") as required by the Corporations Act 2001.

The financial statements are presented in the Australian currency.

AstiVita is a company limited by shares incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange Limited.

The address of the registered office is 1821 Ipswich Road, Rocklea, QLD and the principal place of business is 15 Suscatand Street, Rocklea, QLD.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation and Reverse Acquisition Accounting

A list of controlled entities is contained in Note 24 to the financial statements. All controlled entities have a June financial year-end.

A controlled entity is an entity that AstiVita has the power to govern the financial and operating policies of so as to obtain benefits from its activities.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have left the Group during the year, their operating results have been excluded from the date control was ceased.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

For all business combinations an acquirer is identified as the entity that obtains control of the combining entities. The acquirer for accounting purposes need not be the legal parent entity. In situations where a

1 Statement of Significant Accounting Policies continued

(a) Principles of Consolidation and Reverse Acquisition Accounting continued

number of existing entities are combined with the new legal parent entity, an existing entity can be the acquirer where the relevant factors include that it has control. This is referred to as reverse acquisition.

In the 2010 year the Group identified a reverse acquisition, such that:

- AstiVita Renewables Ltd is the legal parent entity of the Group and presents consolidated financial information; but
- The operating entity, AstiVita Bathrooms & Kitchen Pty Ltd, which is a legal subsidiary of AstiVita Renewables Ltd, was deemed to be the accounting acquirer.

Accordingly, the consolidated financial information incorporates the assets and liabilities of all entities deemed to be acquired by AstiVita Bathrooms & Kitchen Pty Ltd. At acquisition date, the assets and liabilities of the entities acquired by AstiVita Bathrooms & Kitchen Pty Ltd are recorded at fair value while the assets and liabilities of AstiVita Bathrooms & Kitchen Pty Ltd are maintained at their book value.

(b) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax assets or liabilities. An exemption is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Tax Consolidation Legislation

AstiVita and its wholly-owned Australian subsidiaries have formed an income tax consolidation group, under the tax consolidation legislation. AstiVita is the head entity for the income tax consolidation group. Each entity in the Group recognises its own current and deferred tax amounts which are measured using the "stand-alone" taxpayer approach to allocation. Current and deferred tax assets resulting from unused tax losses and tax credits are immediately assumed by the parent entity. The current tax liability of each Group entity is also subsequently assumed by the parent entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 13 October 2009. The tax consolidated group has entered into a tax sharing and funding arrangement.

Under the terms of this arrangement, the wholly-owned entities reimburse AstiVita for any current income tax payable by AstiVita arising in respect of their activities. The reimbursements are payable at the same

1 Statement of Significant Accounting Policies continued

(b) Income Tax continued

time as the associated income tax liability falls due. In the opinion of the Directors, the tax sharing arrangement is also a valid arrangement under the tax consolidation legislation and limits the joint and several liabilities of the wholly-owned entities in the case of a default by AstiVita.

(c) Inventories

Inventory is stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. The costs of purchase of inventories comprise the purchase price, import duties, and other taxes (other than those subsequently recoverable by the Group from the taxing authorities), and transport, and other costs directly attributable to the acquisitiion of inventory. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(d) Plant and Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The costs of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation

Depreciation of plant and equipment items is calculated using the straight line method to allocate the cost, net of their residual values, over their estimated useful lives, as follows:-

Plant & equipment	3 - 8 years
Motor vehicles	3 - 8 years
Office equipment	3 - 8 years

Depreciation commences when the asset becomes available for use.

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the profit or loss.

(e) Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframe's established by marketplace convention.

1 Statement of Significant Accounting Policies continued

(e) Financial Instruments continued

Recognition and initial measurement continued

Financial instruments are initially measured at fair value plus, in the case of financial instruments not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Subsequent to initial recognition these instruments are measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either financial assets not included in the other categories or are designated as such. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to other comprehensive income.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted instruments. Valuation techniques are applied to determine fair value for all other financial assets and liabilities, including recent arm's length transactions, reference to similar instruments and option pricing models.

1 Statement of Significant Accounting Policies continued

(e) Financial Instruments continued

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have a negative effect on the estimated future cashflows of that asset. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cashflows discounted at the original effective interest rate. An impairment loss in respect of an available- for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Any cumulative impairment loss in respect of available-for-sale financial assets recognised previously in other comprehensive income is reclassified to profit or loss.

Use of Allowance Account

The carrying amount of receivables is reduced by the use of an allowance account where there is objective evidence that the entity will not be able to recover all amounts due. Impairment is evidenced when debt collection procedures have commenced.

The amount of the impairment allowance is the difference between the carrying amount of the receivable and the present value of the estimated future cashflows, discounted at the original effective interest rate.

When receivables for which an impairment has previously been recognised are determined to be uncollectible, they are written off against the allowance account. If no provision for impairment was previously recognised, the receivable is written off directly. Impairment losses arising from the use of allowance accounts or bad debts are recognised in the profit or loss as part of other expenses.

Receivables are determined to be uncollectible only when there is no expectation of recovering any additional cash. This may occur when a final distribution has been made from administrators/liquidators, or where unsuccessful attempts have been made to recover the debt through legal actions or debt collection agencies and the prospect of recovering any additional cash is remote.

(f) Impairment of Assets

At each reporting date the Group reviews the carrying values of assets to determine whether there is any indication that there has been impairment. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1 Statement of Significant Accounting Policies continued

(g) Intangibles

Software

Software is initially recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. As at 30 June 2011 no accumulated amortisation has been recorded as the software is still in implementation phase. It has an estimated useful life of between one and three years.

(h) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on settlement or the translation of monetary items are recognised in the profit or loss.

(i) Employee Benefits

(i) Wages and Salaries, Annual Leave and Sick Leave

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

(ii) Long Service Leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

(j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

1 Statement of Significant Accounting Policies continued

(k) Revenue Recognition

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

All revenue is stated net of the amount of goods and services tax ("GST").

Interest revenue is recognised using the effective interest method.

(l) Research and Development

Research costs are charged against profit or loss as incurred.

Development costs are deferred to future periods to the extent that the project will deliver future economic benefits and these benefits can be measured reliably and other relevant criteria are met. Deferred costs are amortised from the commencement of commercial production of the product to which they relate on a straight line basis over the period of the expected benefit.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

(p) Comparative Figures

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

(q) Rounding of Amounts

The Group has applied the relief available to it under ASIC Class Order 98/100 and, accordingly, amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

1 Statement of Significant Accounting Policies continued

(r) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Significant judgments, estimates and assumptions made by the management in the preparation of the financial statements are outlined below:

Impairment of Inventory

The assessment of the provision for impairment of inventory requires a degree of estimation and judgment. The level of the provision is determined after taking into account the sales history of various product lines, the age of product groups and any other factors that may affect inventory obsolescence.

Impairment of Receivables

The assessment of the provision for impairment of receivables requires a degree of estimation and judgment. The level of the provision is determined after taking into account historical collection rates, specific knowledge of individual debtor's financial positions and past bad debt experiences.

(s) Adoption of New and Revised Accounting Standards

(i) Accounting Standards applying in Current Period

The following new and amended standards and interpretations are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions
- AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues
- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments and related amendments; and
- AASB 2010-3 Amendments to Australian Accounting Standards arising from Annual Improvements Project.

The adoption of these standards and interpretations did not have any material impact on the current or any prior period and is not likely to materially affect future periods.

(ii) Accounting Standards applying in Future Periods

A number of new standards, amendments and interpretations are effective for annual periods beginning after 1 July 2010, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements, except for the following:

(i) AASB 9 Financial Instruments (effective from 1 January 2013)
AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Financial assets are to be classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the

1 Statement of Significant Accounting Policies continued

(s) Adoption of New and Revised Accounting Standards continued

contractual cash flows. This replaces the numerous categories of financial assets in AASB 139. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

(ii) AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective from 1 July 2011)
Amendments made to AASB 7 Financial Instruments: Disclosures introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The Group has not yet determined the extent of the impact on its disclosures.

In addition to the above, new and amended standards dealing with Consolidated Financial Statements, Separate Financial Statements, Joint Arrangements, Disclosure of Interests in Other Entities and Fair Value Measurement have recently been released. These standards are effective from 1 January 2013. The Group does not plan to adopt these standards early nor has the extent of their impact been determined.

2 Revenue from operations

	Note	2011 $'000	2010 $'000
Merchandising activities			
Bathroom & Kitchen products		**10,412**	9,420
Solarpower products		**42,862**	29,142
Bompani products		**187**	-
Sales revenue		**53,461**	38,562
Other revenue			
Interest		**77**	63
Other items		**89**	12
		166	75
Revenue from operations		**53,627**	38,637

3 Other income

	2011 $'000	2010 $'000
Insurance recovery	**1,250**	-
	1,250	-

4 Profit for the Year

Expenses

	2011	2010
Cost of goods sold	**44,041**	29,852
Net (gains)/losses on foreign exchange	**325**	12
Accumulation fund:-		
Superannuation expenses	**179**	94
Rental expense - minimum lease payments	**338**	159
Bad and doubtful debts - trade receivables	**(99)**	500

5 Income Tax Expense

(a) Major components of income tax expense

	2011 $'000	2010 $'000
Current income tax		
Current income tax	**1,309**	1,833
Deferred income tax		
Relating to origination and reversal of temporary differences	**63**	(164)
Income tax expense	**1,372**	1,669

(b) Amounts charged or credited directly to equity

	2011 $'000	2010 $'000
Deferred income tax relating to items charged or credited directly to equity		
Capital raising costs	**-**	42
Income tax benefit reported in equity	**-**	42

(c) Numerical reconciliation

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2011 $'000	2010 $'000
Accounting profit before tax	**4,504**	5,564
- At the Group's statutory income tax rate of 30% (2010: 30%)	**1,351**	1,669
- Sundry items	**21**	-
Income tax expense	**1,372**	1,669

6 Dividends

Dividends paid

	2011 $'000	2010 $'000
Interim dividend of 4 cents (fully franked at 30%) per fully paid ordinary share paid on 3 June 2011	**927**	-
Total	**927**	-
Dividends were paid as follows:		
Dividends paid in cash	**622**	-
Dividend re-investment plan	**305**	-
Total	**927**	-
Dividends not provided for		
Subsequent to year end, a proposed final dividend of 4 cents per fully paid ordinary share payable 2 December 2011 (fully franked at 30%)	**939**	-
Total	**939**	-

Balance of franking account

	2011 $'000	2010 $'000
Balance of franking account at year end	**1,856**	601
Adjusted for franking credits arising from:		
Payment of provision for income tax	**1,234**	1,578
Subsequent to year-end, the franking account would be reduced by the proposed dividend:	**(402)**	-
	2,688	2,179

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:

(a) the payment of the current tax liability;

(b) the payment of dividends recognised as a liability as at the reporting date; and

(c) the receipt of dividends recognised as receivables at the reporting date.

7 Segment Information

Segment information is presented using a "management approach", i.e. segment information is provided on the same basis as information is used for internal reporting purposes by the Board.

Description of segments

Management has determined the operating segments based on reports reviewed by the Board of Directors for making strategic decisions. The Board monitors the business based on the segments as identified below:

- **AstiVita B&K**

  AstiVita Bathrooms & Kitchens Pty Ltd ("AstiVita B&K") imports, warehouses and distributes bathroom and kitchen related products.

- **Solarpower**

  Solarpower Pty Ltd ("Solarpower") import, warehouses and distributes of solar related products such as photovoltaic panels and energy efficient hot water systems.

- **Bompani**

  Bompani Italia Pty Ltd ("Bompani") imports, warehouses and distributes of kitchen appliances and related products.

(a) Accounting Policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in Note 1 and Accounting Standard AASB 8 Operating Segments.

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles, and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

The Group applies consistent accounting policies across all segments, regarding the measurement of assets and liabilities

(b) Inter-segment Transactions

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Group. These transactions are eliminated on consolidation.

(c) Unallocated Items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- income tax expense

7 Segment Information continued

(c) Unallocated Items continued

- deferred tax assets and liabilities
- current tax liabilities
- other financial liabilities

(d) Major customers

There is one customer which contributes more than 10% of total revenue, this customer contributed $14,036,000 (2010: $10,964,000) of revenue for the Solarpower segment.

This represents 33% (2010: 38%) of the total revenue for the Solarpower segment.

7 Segment Information continued
(e) Segment performance

	AstiVita B&K		Solarpower		Bompani		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Segment Performance								
Total revenue from external customers	**10,412**	9,420	**42,862**	29,142	**187**	-	**53,461**	38,562
Other revenue	**48**	48	**107**	21	**-**	-	**155**	69
Total segment revenue	**10,460**	9,468	**42,969**	29,163	**187**	-	**53,616**	38,631
Unallocated revenue							**11**	6
							53,627	38,637
Other income – insurance recoveries	**1,061**	-	**189**	-	**-**	-	**1,250**	-
Total revenue / income							**54,877**	38,637
Segment result	**1,512**	767	**5,365**	5,057	**40**	-	**6,917**	5,824
Flood expenses – impairment of stock	**-1,139**	-	**-189**	-	**-**	-	**-1,328**	-
Flood expenses – flood clean up costs	**-43**	-	**-30**	-	**-**	-	**-73**	-
Segment result after flood expense							**5,516**	5,824
Corporate expenses							**-928**	-115
Depreciation							**-47**	-42
Borrowing costs							**-37**	-103
Income tax expense							**-1,372**	-1,669
Profit after income tax							**3,132**	3,895

AstiVita Renewables Limited

Notes to the Financial Statements
For the Year Ended 30 June 2011

7 Segment Information continued

	AstiVita B&K		SolarPower		Bompani		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment assets	**6,215**	7,627	**12,825**	12,314	**626**	-	**19,666**	19,941
Intergroup eliminations							**- 1,713**	- 3,845 *
Reconciliation of segment assets to group assets								
Unallocated assets								
Cash and cash equivalents							**389**	14
Trade and other debtors							**145**	5
Intangibles							**227**	-
Deferred tax asset							**171**	234
Property plant and equipment							**94**	64
							18,979	16,413
Segment liabilities	**1,319**	1,644	**9,029**	9,664	**585**	-	**10,933**	11,308
Intergroup eliminations							**- 6,815**	- 7,283 *
Reconciliation of segment liabilities to group liabilities								
Unallocated liabilities								
Trade & other creditors							**358**	54
Current tax liabilities							**1,237**	1,578
							5,713	5,657
Total net assets							**13,266**	10,756

* The net differences of these balances represents net receivables of the parent entity for the year not allocated to segments

8 Parent Entity Information

(a) Parent

	2011	2010
	$'000	$'000
Current assets	**534**	22
Non-current assets	**11,280**	7,765
Total assets	**11,814**	7,787
Current liabilities	**349**	-
Non-current liabilities	**9**	-
Total liabilities	**358**	-
Net assets	**11,456**	7,787
Issued capital	**6,206**	5,901
Retained earnings	**5,250**	1,886
Total equity	**11,456**	7,787
Profit/(loss) for the year after income tax	**4,291**	1,886
Total comprehensive income for the year	**4,291**	1,886

(b) Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries.

(c) Contractual commitments

There were no contractual commitments for the acquisition of property, plant and equipment entered into by the parent entity at 30 June 2011 (2010 - nil).

(d) Contingent liabilities

The parent has no contingent liabilities.

(e) Reverse Acquisition AstiVita Renewables Limited - 2010 Year

As disclosed in note 1 (a), AstiVita Renewables Ltd is the legal parent entity, which was acquired as a result of a reverse acquisition by AstiVita Bathrooms & Kitchen Pty Ltd during the 2010 year.
The following are the significant transactions that occurred leading up to the acquisition and after the acquisition and which are critical in explaining the new Group structure:

(i) At the Tamawood Limited Annual General Meeting held on 9 October 2009 the de-merger of AstiVita Bathrooms & Kitchens Pty Ltd ("AstiVita B&K") and SolarPower Pty Ltd ("SolarPower") from Tamawood Limited ("Tamawood") was approved by Tamawood's shareholders.

(ii) AstiVita B&K (which originally had 300 shares on issue, 165 of which were owned by Tamawood and 135 of which were owned by JMEZ Holdings Pty Ltd, an entity associated with John Beith) split its share

8 Parent Entity Information continued

(e) Reverse Acquisition AstiVita Renewables Limited - 2010 Year continued

captial so that the existing 300 shares on issue in AstiVita B&K became 11,170,000 shares on issue, of which Tamawood owned 6,143,500 (55%) and JMEZ Holdings Pty Ltd owned 5,026,500 (45%). Immediately after the share split, each AstiVita B&K share had a value of $0.50.

(iii) Loans outstanding from AstiVita B&K to its shareholders were repaid so that the two shareholders in AstiVita B&K received shares in AstiVita B&K in exchange for discharge of the loans ($4,000,000 loan from Tamawood to AstiVita B&K was converted into 8,000,000 shares and $200,000 loan from JMEZ to AstiVita B&K was converted to 400,000 shares).

(iv) Following the debt for equity swap described above, the equity value of AstiVita B&K increased from $5,585,000 to $9,785,000 (that is, 19,570,000 shares on issue at $0.50 per share).

AstiVita B&K was then reorganised so that a new holding company, AstiVita Renewables Limited, was interposed between AstiVita B&K and, its shareholders, (Tamawood and JMEZ) in such a way as to satisfy the capital gains rollover relief provision of the Income Tax Assessment Act 1936.

AstiVita Renewables Ltd was incorporated specifically for the purpose of this transaction with no assets and liabilities immediately prior to the acquisition. Therefore the assets and liabilities of the Group that existed immediately prior to the acquisition were exactly the same as that immediately after the acquisition. AstiVita Renewables Ltd acquired all the shares in the following companies:

- AstiVita Bathrooms & Kitchen Pty Ltd
- Solarpower Pty Ltd*
- Indent Manufacturers Pty Ltd*

*these entities were subsidiaries of AstiVita Bathrooms & Kitchen Pty Ltd prior to the acquisition.

The consideration for the acquisition of the above companies was the issue of 4,200,401 shares for a consideration of $2,100,201, as follows:

	#of shares
• AstiVita Bathrooms & Kitchen Pty Ltd	4,200,300
• Solarpower Pty Ltd	100
• Indent Manufacturers Pty Ltd	1

The fair values of these entities, and the cost of the combination of AstiVita Bathrooms & Kitchen Pty Ltd was assessed as $2,100,201.

9 Cash and Cash Equivalents

	2011 $'000	2010 $'000
Cash at bank	**2,494**	2,890
	2,494	2,890

The effective interest rate was 3.25% (2010 - 4.23%)

10 Trade and Other Receivables

	2011 $'000	2010 $'000
Trade receivables	**7,284**	8,003
Provision for impairment	**(175)**	(535)
	7,109	7,468

Provision for Impairment of Receivables

	2011 $'000	2010 $'000
At beginning of year	**535**	35
Charge for the year/reversed (net)	**(99)**	500
Amounts written off	**(261)**	-
At end of year	**175**	535

Aged analysis

The ageing analysis of receivables is as follows:

	2011 $'000	2010 $'000
0-30 days	**3,577**	3,624
31-60 days	**2,451**	2,860
61-90 days (past due date but not impaired)	**757**	788
91+ days (past due date but not impaired)	**324**	196
91+ days (considered impaired)	**175**	535
	7,284	8,003

Current trade receivables are non-interest bearing and are generally on 30 day terms. An impaired amount is provided for any customer who is facing financial difficulties and may not be able to pay the outstanding account. Management reviews the financial status of new account applicants prior to granting credit trading terms. Management assess credit applicants by reference to their payment history with other suppliers and will only grant credit trading terms to those applicants with a solid payment background. The Group does not take security as part of any payment arrangements with customers. Based on the past payment history of the Groups customers, the Directors believe the past due debtors are not impaired.

11 Inventories

At Cost

	2011 $'000	2010 $'000
Finished goods	**6,075**	4,033
Goods in transit	**2,359**	-
	8,434	4,033

12 Other Current Assets

	2011 $'000	2010 $'000
Prepayments	**450**	1,724
	450	1,724

As part of the trading requirements of overseas suppliers, the Group pays in advance to suppliers for future supply of inventories.

13 Property Plant and Equipment

	2011 $'000	2010 $'000
Plant and equipment		
At cost	**189**	160
Less accumulated depreciation	**(160)**	(137)
Total plant and equipment	**29**	23
Motor vehicles		
At cost	**42**	42
Less accumulated depreciation	**(17)**	(7)
Total motor vehicles	**25**	35
Office equipment		
At cost	**72**	24
Less accumulated depreciation	**(32)**	(18)
Total office equipment	**40**	6
Total plant and equipment	**94**	64

13 Property Plant and Equipment continued

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current year are set out below.

	Plant & Equipment $'000	Motor Vehicles $'000	Office Equipment $'000	Total $'000
Cost				
Balance at the beginning of year	**160**	**42**	**24**	**226**
Additions	**29**	**-**	**48**	**77**
Balance at 30 June 2011	**189**	**42**	**72**	**303**
Depreciation and impairment losses				
Balance at the beginning of year	**(137)**	**(7)**	**(18)**	**(162)**
Depreciation expense	**(23)**	**(10)**	**(14)**	**(47)**
Balance at 30 June 2011	**(160)**	**(17)**	**(32)**	**(209)**
Carrying amount				
At 30 June 2011	**29**	**25**	**40**	**94**

	Plant & Equipment $'000	Motor Vehicles $'000	Office Equipment $'000	Total $'000
Cost				
Balance at the beginning of year	157	-	24	181
Additions	3	48	-	51
Disposals	-	(6)	-	(6)
Balance at 30 June 2010	160	42	24	226
Depreciation and impairment losses				
Balance at the beginning of year	(107)	-	(13)	(120)
Dispsosals	-	(1)	-	(1)
Depreciation expense	(30)	(6)	(5)	(41)
Balance at 30 June 2010	(137)	(7)	(18)	(162)
Carrying amount				
At 30 June 2010	23	35	6	64

14 Intangible Assets

	2011 $'000	2010 $'000
Computer software - acquired		
Cost	**227**	-
Net carrying value	**227**	-
Total Intangibles	**227**	-

	Computer software $'000	Total $'000
Year ended 30 June 2010		
Year ended 30 June 2011		
Additions	227	227
Closing value at 30 June 2011	227	227

15 Deferred Tax Assets

	2011 $'000	2010 $'000
Deferred tax assets	**171**	234
	171	234
Deferred tax assets comprise:		
Employee benefits	**34**	29
Accrued expenses	**17**	3
Provisions	**87**	165
Other	**33**	37
	171	234

	Opening Balance $'000	Recognised in Profit and Loss $'000	Recognised Directly in Equity $'000	Closing Balance $'000
Movements in Deferred Tax Assets				
Deferred Tax Assets				
Employee benefits	13	16	-	29
Accrued expenses	3	-	-	3
Other	-	(5)	42	37
Provisions	11	154	-	165
Balance at 30 June 2010	27	165	42	234
Employee benefits	29	5	-	34
Accrued expenses	3	14	-	17
Other	37	(4)	-	33
Provisions	165	(78)	-	87
Balance at 30 June 2011	234	(63)	-	171

16 Trade and Other Payables

	2011 $'000	2010 $'000
Unsecured		
Trade and other payables	**4,269**	3,022
	4,269	3,022

17 Interest Bearing Liabilities

	2011 $'000	2010 $'000
NON-CURRENT		
Loans from former parent - unsecured	**-**	962
	-	962

18 Provisions

	2011 $'000	2010 $'000
CURRENT		
Employee benefits	**100**	90
Warranty	**101**	-
	201	90
NON-CURRENT		
Employee benefits	**9**	-
	9	-

18 Provisions continued
Provision for Warranties

The Group provided $101,000 as at 30 June 2011 for estimated warranty claims in respect of products and services which are still under warranty at the end of the reporting period. The provision has been assessed by reference to the total percentage of claims made in relation to total product sold during the reporting period.

Analysis of total provisions

	2011 $'000	2010 $'000
Opening balance	**-**	-
Charged to income statement	**101**	-
Closing balance	**101**	-

19 Issued Capital

	2011	2010
23,478,707 (2010: 23,170,005) Ordinary shares fully paid	**6,206**	5,901
Total	**6,206**	5,901

(a) Movements in Ordinary Shares

	2011	2010
At the beginning of the year	**5,901**	1
Shares issued during the year		
Exchange for loan discharge on 12 October 2009*	**-**	4,200
Shares issued public float 16 December 2009*	**-**	1,800
Less capital raising costs, net of tax	**-**	(100)
Dividend re-investment plan	**305**	-
At reporting date	**6,206**	5,901

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

* Loans outstanding from AstiVita B&K to its shareholders were repaid so that the two shareholders in AstiVita B&K received shares in AstiVita B&K in exchange for discharge of the loans ($4,000,000 loan from Tamawood to AstiVita B&K was converted into 8,000,000 shares and $200,000 loan from JMEZ to AstiVita B&K was converted to 400,000 shares).

** 3,600,000 shares at $0.50 issued for cash on initial public offer.

*** 3,600,000 shares at $0.50 issued for cash on initial public offer.

The Parent Entity has no authorised capital or par value in respect of its shares.

19 Issued Capital continued

	2011 No.	2010 No.
At the beginning of the year	**23,170,005**	300
Share split on 25 September 2009*	**-**	11,169,705
Exchange for loan discharge on 12 October 2009 *	**-**	8,400,000
Interposing new parent entity *	**23,170,005**	19,570,005
Shares issued pursuant to public float 16 December 2009 *	**-**	3,600,000
Issue of shares under the Dividend Reinvestment Plan for the fully franked dividend paid in 3 June 2011 (2010 : nil)	**308,702**	-
At reporting date	**23,478,707**	23,170,005

* AstiVita B&K (which originally had 300 shares on issue, 165 of which were owned by Tamawood and 135 of which were owned by JMEZ Holdings Pty Ltd, an entity associated with John Beith) split its share capital so that the existing 300 shares on issue in AstiVita B&K became 11,170,000 shares on issue, of which Tamawood owned 6,143,500 (55%) and JMEZ Holdings Pty Ltd owned 5,026,500 (45%). Immediately after the share split, each AstiVita B&K share had a value of $0.50.

(b) Capital Management

The capital of the Group is managed in order to maintain a conservative working capital position, provide shareholders with appropriate returns and ensure the Group can fund its operations and meets its obligations as and when they fall due.

There are no externally imposed capital requirements.

The capital structure of the Group consists of equity attributable to equity holders of the parent.

Management controls the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks. Responses include adjustments to working capital, decisions whether or not to make distributions to shareholders and capital raising's if required. The Board may consider accessing debt facilities if the need arises.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

(c) Dividend Re-investment Plan

The Group established a dividend re-investment plan ("DRP") under which holders of ordinary shares may elect to have all or part of their dividend entitlements satified by the issue of new ordinary shares rather than being paid in cash. Shares are issued under the DRP at 3% discount to the weighted average ex-dividend quoted market price for the five business days following ex-dividend quotation.

The DRP plan was operational for the interim dividend which was paid on the 3 June 2011.

(d) Share Options

At 30 June 2011 there were no share options on issue (2010: Nil).

20 Related Party Transactions and Key Management Personnel

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent Entity

Tamawood Limited was the parent entity until the Group was de-merged during the 2010 financial year.

(b) Transactions with Related Parties

	2011	2010
	$	$
Loan from Tamawood Ltd (former parent company)	-	962,000
	-	962,000
During the year part of the above loans were discharged in exchange for shares.		
Loan discharged - JMEZ Pty Ltd	-	(200,000)
Loan discharged - Tamawood Ltd	-	(4,000,000)
During the year additional funds were borrowed/(repaid)		
- Tamawood Ltd	**(962,000)**	962,000

The loan with Tamawood Limited had no fixed terms of repayment and had an interest rate of 6% during the financial year.

(c) Rent & Mangement Fee Paid to Tamawood

	2011	2010
	$	$
Rent	-	158,000
Management fee	-	12,000
Total	-	170,000

(d) Key Management Personnel

					Long-term Benefits	
	Salary and Fees	Non-Cash Benefits	Commission & Bonus	Superannuation	Long Service Leave	Total
	$	$	$	$	$	$
2011						
Total compensation	753,493	3,286	148,855	221,767	17,919	1,145,320
2010						
Total compensation	393,307	15,493	161,937	126,751	24,777	722,265

20 Related Party Transactions and Key Management Personnel continued
(e) Key Management Personnel Interest in Shares

	Balance 01/07/2010	Purchased/ (Sold)	Net Change Other	Balance 30/06/2011
	No.	No.	No.	No.
Directors' Interest				
R Welford	100,000	120,000	-	220,000
J Beith	5,460,522	34,000	-	5,494,522
L Mizikovsky	8,170,192	92,028	-	8,262,220
K Daly	189,000	100,000	-	289,000
R Dudurovic	130,000	100,000	-	230,000
R Lynch	-	64,020	-	64,020
Subtotal	14,049,714	510,048	-	14,559,762
Other Key Management Personnel Interest				
A Windred	-	-	-	-
G Goddard	12,113	67,887	-	80,000
S Webber	-	-	-	-
D Jonathan	-	-	-	-
S Ison	10,606	55,600	-	66,206
H Hamilton	-	-	-	-
C Jackson	10,023	64,658	-	74,681
G Acton	39,100	-	-	39,100
	71,842	188,145	-	259,987
	14,121,556	**698,193**	**-**	**14,819,749**

21 Auditor's Remuneration

	2011	2010
	$	$
Remuneration of the auditor of the parent entity for:		
- Audit and review of financial statements	**65,000**	15,485
- Taxation services	**24,763**	3,039
- Agreed upon procedures for stock take February post Brisbane floods	**13,662**	-
- Forensic accounting services post Brisbane floods for insurance claim	**14,333**	-
- Independent Accountants Report for Prospectus	**-**	35,879
	117,758	54,403

22 Leasing Commitments

Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements.

	2011 $'000	2010 $'000
Payable - minimum lease payments		
- not later than 12 months	**301**	189
- between 12 months and 5 years	**-**	758
	301	947

The Group has an agreement to lease for 15 Susctand Street, Rocklea, Queensland for such period as necessary while a decision is being made whether or not to relocate. The only other lease property is situated at 10/130 Hasscell Street, Wetherill Park, New South Wales and is leased on a month to month basis.

The Group had no other significant lease commitments at the reporting date (2010: none).

23 Capital Commitments

	2011	2010
Payable:		
- no later than 1 year	**458**	-

The capital commitment is for the enterprise software system being implemented by the Group.

24 Controlled Entities

Name	Country of incorporation	Percentage Owned 2011	Percentage Owned 2010
Parent entity:			
AstiVita Renewables Limited	Australia		
Subsidiaries of parent entity:			
Astivita Bathrooms and Kitchens Pty Ltd	Australia	**100%**	100%
SolarPower Pty Ltd	Australia	**100%**	100%
Indent Manufacturing Pty Ltd	Australia	**100%**	100%
Thermasol Pty Ltd	Australia	**100%**	100%
Bompani Italia Pty Ltd	Australia	**50%**	

Establishment of controlled entity

On 24 September 2010, Bompani Italia Pty Ltd ("Bompani") was incorporated. The Group acquired 50% of the ordinary shares with an unrelated party acquiring the other 50%. The Group controls Bompani as the Director representing the Group on the board of Bompani has the casting vote under the shareholders agreement.

25 Cash Flow Information

(a) Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax

	2011 $'000	2010 $'000
Profit after income tax	**3,132**	3,899
Depreciation	**47**	42
Stock impairment	**1,328**	-
Changes in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(359)**	(5,717)
(Increase)/decrease in inventories	**(5,729)**	(866)
(Increase)/decrease in deferred tax assets	**63**	(206)
(Increase)/decrease in other assets	**1,274**	(1,723)
Increase/(decrease) in trade and other payables	**1,392**	1,998
Increase/(decrease) in current tax liabilities	**344**	1,594
Net cash provided by/(used in) operating activities	**1,492**	(979)

(b) Non-cash Activities

	2011 $'000	2010 $'000
Debt for equity swap (refer to note 19)	**-**	4,200

Dividends satisfied by the issue of shares under the DRP plan are shown in note 6.

26 Credit and Standby Facilities

The Group had no credit or standby facilities in place as at 30 June 2011 (2010 - nil).

27 Financial Risk Management

(a) Financial Risk Management Policies

The Group is primarily exposed to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and whilst remaining ultimately responsible for them, it has delegated the authority to management for developing and operating processes that ensure the effective implementation of the objectives and policies of the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impact of these risks on the results of the Group where such impact may be material.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payables and interest bearing liabilities.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

(b) Market Risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising return. Market risk exposures comprise mainly interest rate risk and foreign currency risk.

(i) Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will effect future cash flows or the fair value of fixed rate financial instruments.

The Group adopts a policy of minimising exposure to interest rate risk. This is achieved by holding minimal external borrowings and using fixed rate cash deposits. A 1% increase or decrease in the interest rate will change the net interest revenue by $24,000 per annum (2010 - $9,000) on cash held at 30 June.

(ii) Foreign Currency Risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the Australian Dollar ("AUD").

The Group's policy is that all foreign currency transactions are settled on a spot rate basis. There are no hedge facilities or other forward contract facilities in place. The Group's transactions occur primarly in AUD and USD.

In order to monitor the continuing effectiveness of the policy, the Board receives a monthly report on its product pricing strategy together with data relating to any major fluctuations in foreign currencies. The Group mitigates foreign currency risk by adjusting selling prices for its products to reflect movements in foreign currencies.

27 Financial Risk Management continued

Foreign currency risk sensitivity analysis

At 30 June 2011, the effect on profit and equity as a result of changes in foreign currency, with all other variables remaining constant, would be as follows:

	2011 $'000	2010 $'000
Change in profit		
- Increase in 5%	**103**	29
- Decrease in 5%	**(103)**	(29)
Change in equity		
- Increase in 5%	**(103)**	(29)
- Decrease in 5%	**103**	29

Foreign currency risk - financial assets and liabilities

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follow:

2011	2011 $'000	2010 $'000
Financial Assets		
Trade receivables denominated in USD	**1,775**	**744**
US Dollar bank account (cash at bank)	**524**	**1,423**
Financial Liabilities		
Trade payables denominated in USD	**(373)**	**(1,592)**
Net exposure	**1,926**	**575**

Spot rate at year end	1.0623	0.8022

(c) Credit Risk

The objective of the Group is to minimize the risk of loss from credit risk exposure. Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligations, resulting in the Group incurring a financial loss. For the Group this primarily arises from receivables due from AstiVita B&K and Solarpower customers, and deposits with banks.

The Group has three large debtors which represent 70% of the Solarpower business trade debtors which at 30 June 2011 had a total amount outstanding of $4,007,000 (2010: $2,709,000). The Directors believe all outstanding amounts will be received. The Group has identified three slow paying customers and is satisfied that the $175,000 bad debt provision is adequate in the event the customers may not be able to meet their repayment commitment to the Group.

The Group's maximum exposure to credit risk, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date is the carrying amount of those assets

27 Financial Risk Management continued

(c) Credit Risk continued

as indicated in the statement of financial position.

Debtors by business are:

	2011	2010
	$'000	$'000
AstiVita B&K debtors	**1,491**	1,730
Solarpower debtors	**5,793**	6,263
Other debtors	**-**	10
Total	**7,284**	8,003

Credit risk exposures

Credit risk related to balances with banks and other financial institutions is managed by a policy requiring that surplus funds are only invested with counterparties with a Standard and Poor’s rating of at least AA-. The following table provides information regarding credit risk relating to cash at bank based on Standard & Poor’s counter party credit ratings. The Group banks with the Commonwealth Bank of Australia.

		2011	2010
	Note	$'000	$'000
Cash and cash equivalents			
- AA rated	9	**2,494**	2,890
		2,494	2,890

(d) Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments as they fall due. The Group's objective is to ensure as much as possible that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions. The Group achieves this by holding sufficient cash in liquid form, and monitors timing of commitments.

Contractual cashflows from trade and other payables approximate their carrying amount. Trade payables are contractually due within 6 months of year-end. Previously, the Group had funded growth by utilising loan funds from Tamawood Limited (former parent).

Summary Quantitative Date

	2011	2010
	$'000	$'000
Current assets	**18,487**	16,115
Current liabilities	**(5,704)**	(4,690)
Working capital	**12,783**	11,425

27 Financial Risk Management continued

Maturity Analysis - Group 2011

	Carrying Amount $'000	< 6 months $'000	6-12 months $'000	1-3 years $'000	> 3 years $'000
Financial Liabilities					
Trade and other payables	4,269	4,269	-	-	-
Total	4,269	4,269	-	-	-

Maturity Analysis - Group 2010

	Carrying Amount $'000	< 6 months $'000	6 - 12 months $'000	1 - 3 years $'000	> 3 years $'000
Financial Liabilities					
Trade and other payables	3,022	3,022	-	-	-
Interest bearing liabilities	962	-	-	962	-
	3,984	3,022	-	962	-

(e) Fair Values

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the consolidated statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where financial assets and liabilities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Consolidated	**2011**		**2010**	
	Carrying Value $'000	**Fair value $'000**	**Carrying Value $'000**	**Fair value $'000**
Financial Assets				
Cash and cash equivalents	**2,494**	**2,494**	2,890	2,890
Trade and other receivables	**7,109**	**7,109**	7,468	7,468
Total financial assets	**9,603**	**9,603**	10,358	10,358

27 Financial Risk Management continued

(e) Fair Values continued

Consolidated	2011		2010	
	Carrying Value	Fair value	Carrying Value	Fair value
	$'000	$'000	$'000	$'000
Financial Liabilities				
Trade and other payables	**4,269**	**4,269**	3,022	3,022
Interest bearing liabilities	**-**	**-**	962	962
Total financial liabilities	**4,269**	**4,269**	3,984	3,984

28 Post Balance Date Events

There have been no matters or circumstances, that have arisen since the end of the year, that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

29 Earnings per Share

(a) Earnings

	2011	2010
	$'000	$'000
Profit attributable to the ordinary equity holders of AstiVita Renewables Limited used in calculating basic and diluted earnings per share:-	**3,118**	3,895
The basic and diluted earnings per share were the same as there were no preference shares on issue during the year	**3,118**	3,895

(b) Weighted average number of ordinary share

	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	**23,193,686**	19,971,096

The are no potential ordinary shares outstanding.

30 Company Details

The registered office of the Company is:
AstiVita Renewables Limited
1821 Ipswich Road
Rocklea Queensland 4106

The principal place of business is:-

AstiVita Renewables Limited
15 Suscatand Street
Rocklea
Queensland 4106

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 18, 300 Queen St
Brisbane QLD 4000,
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of AstiVita Renewables Limited

Report on the Financial Report

We have audited the accompanying financial report of AstiVita Renewables Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

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 and fair presentation of the financial report 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 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*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

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

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on Remuneration Report

We have audited the Remuneration Report included in pages 6 to 13 of the directors' report for the year ended 30 June 2011. 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 Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of AstiVita Renewables Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

BDO Audit (QLD) Pty Ltd

BDO

P A Gallagher

Director

Brisbane, 9 September 2011

AstiVita Renewables Limited

Additional Information for Listed Public Companies

The shareholder information set out below was applicable as at Wednesday, 31 August 2011.

1. Distribution of Shareholders

Analysis of number of shareholders by size of holding.

Category of holding		Number	Number of Shares
1	- 1,000	140	58,232
1,001	- 5,000	364	1,137,587
5,001	- 10,000	127	1,000,158
10,001	- 50,000	131	3,018,115
50,001	- 100,000	23	1,696,297
100,001	- and over	16	16,568,318
Total		801	23,478,707

2. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

	Number of Shares	Percentage of total shares
JMEZ Holdings Pty Ltd	4,482,570	19.09
Rainrose Pty Ltd	3,992,095	17.00
Ankla Pty Ltd	3,890,721	16.57
JMEZ Nominees Pty Ltd	1,027,577	4.38
Stoddart Building Products Pty Ltd	811,179	3.45
Nowcastle Pty Ltd	470,359	2.00
Kreskin Pty Ltd	289,000	1.23
Ripeland Pty Ltd	255,843	1.09
Mr Rade Dudurovic & Mrs Jacqueline Dudurovic	230,000	0.98
Mr & Mrs R Hopsick	215,000	0.92
Tigershark Investments Pty Ltd	200,000	0.85
IRP Investments Pty Ltd	200,000	0.85
Sunstar Australia Pty Ltd	180,226	0.77
Mr & Mrs Mizikovsky	164,210	0.70
Mr R Gould	132,379	0.56
Bradshaw Pty Ltd	117,159	0.50
Mr & Mrs R Kowitz	110,000	0.47
Mr & Mrs D Layden	100,000	0.43
EJ Turley Investments Pty Ltd	100,000	0.43
Gambaro Pty Ltd	90,000	0.38
Total	17,058,318	72.65

AstiVita Renewables Limited

Additional Information for Listed Public Companies

4. Substantial Shareholders

As at 31 August 2011 the substantial shareholders were as follows:

Shareholder	Number of Shares
JMEZ Holdings Pty Ltd	4,482,570
Rainrose Pty Ltd	3,992,095
Ankla Pty Ltd	3,890,721

5. Voting Rights
All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Voting rights of shareholders are governed by the Company's Rules. In summary, a shareholder is entitled to exercise one vote for each shareholder on any question arising from a meeting of the Group.

Members wishing to appoint proxies may do so in accordance with the Corporations Act 2001 and Rules of the Group.

Registered Office
The registered office of the Company is at 1821 Ipswich Road, Rocklea Brisbane Queensland 4106.

Share Registry
The register of holders of ordinary shares of the Company is kept at the office of Link Services Limited, ANZ Building, Level 15, 324 Queen Street, Brisbane Queensland, 4000.