



27 February 2009

The Manager
Companies Announcements Office
Australian Stock Exchange Limited

ASX Announcement
Appendix 4D & Half Year Report
for the period ended 31 December 2008

Please find attached Appendix 4D and the Company's Half Year Financial Report for the period ended 31 December 2008. The half-year financial report does not include all the notes of the type normally included in an annual financial report and accordingly the financial report should be read in conjunction with the annual financial report for the year ended 30 June 2008.

The financial report for the half year ended 31 December 2008 incorporates a comprehensive review of operations and achievements during the period.

A handwritten signature in blue ink, appearing to read "T Gosatti", written over a circular stamp.

Trevor Gosatti
Managing Director

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Vortex Pipes Limited
Appendix 4D Half Year Report
Half Year Ending 31 December 2008

1. Details of the Reporting Period

This report details the financial results of Vortex Pipes Limited ("the Company") and its controlled entity, Premium Pipe Services Pty Ltd ("the Group") for the half year ended 31 December 2008.

2. Results for announcement to the market.

	2008 \$	2007 \$	Change Up (Down)	% Change Up (Down)
2.1 Revenue from ordinary activities	1,798,543	2,200,071	(401,528)	(81.75)
2.2 Profit/(Loss) from ordinary activities after tax attributable to members	(446,686)	(969,915)	(523,229)	(46.05)
2.3 Net profit for the period attributable to members	(446,686)	(969,915)	(523,229)	(46.05)
2.4 Final dividend per share	Nil	Nil	Nil	Nil
Profit/(Loss) per share	(\$0.00061)	(\$0.0154)	(\$0.0088)	(133.3)

2.5 Record date for dividend

Not Applicable

2.6 Brief Explanation of the figures in 2.1 to 2.4

	2008 \$	2007 \$
Revenue from ordinary activities	1,798,543	2,200,071
Cost of sales of goods	1,250,623	1,268,609
Change in inventories of materials and work in progress	(111,675)	679,044
Research and development costs, materials and consultants	25,536	69,154
Core technology, patent costs and intangibles amortisation	61,568	48,162
Staff wages, salaries and superannuation	593,529	710,146
Directors fees, salaries, superannuation and consulting costs	138,028	104,665
Depreciation expense	130,467	131,736
Public company costs, fees, share registry and shareholder costs	21,039	39,174
Occupancy costs	43,627	70,336
Legal fees	5,196	2,246
Audit fees	8,610	22,500
Insurances	53,934	61,227
Interest expense	43,370	28,372
Other expenses from ordinary activities	115,271	200,011
Royalty payment	-	150,000
Loss on write off of plant & equipment	15,421	-
Share of net losses of associate	-	-
	<u>2,394,544</u>	<u>3,585,382</u>
Profit (Loss) from ordinary activities before income tax	(596,001)	(1,385,311)

Income tax revenue relating to ordinary activities	<u>149,316</u>	<u>415,396</u>
Net Profit (Loss)	<u>(446,685)</u>	<u>(969,915)</u>

Turnover in 2007 and 2008 included the revenue generated from the operations of the controlled entity.

Further, expenditure in 2007 was adversely impacted by the payment of \$150,000 to settle a future royalty liability to Sord Technologies Limited.

3. Net tangible assets per security

	<u>2008</u>	<u>2007</u>
	\$	\$
Number of shares	75,816,212	62,749,545
Net Tangible Assets	1,657,305	2,386,489
Net Tangible Assets Per Share	\$0.022	\$0.038

4. Details of entities over which control has been gained or lost during the period

Not Applicable

5. Details of individual and total dividends or distributions and dividend or distribution payments.

None

6. Details of any dividend or distribution reinvestment plans in operation

None

7. Details of associates and joint venture entities

None

8. Foreign entities - Accounting standards

Not Applicable

9. Audited or Reviewed Accounts – Qualifications or Disputes

Not applicable

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Vortex

VORTEX PIPES LIMITED

**ACN 096 870 978
AND CONTROLLED ENTITIES**

FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2008**

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**VORTEX PIPES LIMITED
(ACN 096 870 978)
AND CONTROLLED ENTITIES**

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

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VORTEX PIPES LIMITED
(ACN 096 870 978)

CORPORATE DIRECTORY

Directors

Mark Bernard Jenkins BCom (UWA), Grad Dip (Bus)
Trevor Adriano Gosatti
John Townley Phillips BE, MEng Sc

Company Secretary

Trevor Gosatti

Registered Office

2 Bell Street
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Auditors

WHK Horwath Perth Audit Partnership
Level 6
256 St George's Terrace
Perth, Western Australia

Patent Attorney

Wray & Associates
Level 4
1 William Street
Perth, Western Australia

Bankers

Bank of Western Australia Ltd
108 St George's Terrace
Perth, Western Australia

National Australia Bank
226 Main Street
Osborne Park, Western Australia

Share Registry

Security Transfer Registrars Pty Ltd
Alexandrea House
Suite 1
770 Canning Highway
Applecross, Western Australia

**VORTEX PIPES LIMITED
(ACN 096 870 978)
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

Your Directors submit herewith the financial report for the half year ended 31 December 2008 ("the operating period") and in compliance with the provisions of the Corporations Act 2001, provide the following information.

Directors

The following persons were Directors of Vortex Pipes Limited during the whole of the operating period and up to the date of this report:

- Mr Trevor Adriano Gosatti
- Mr Mark Bernard Jenkins
- Mr John Townley Phillips
- Mr Antony Zuiderwyk (resigned on 6 November 2008)
- Mr James Kenneth McDonald (resigned on 19 September 2008)

Review of Operations

Introduction

The six months to 31 December 2008 has been a difficult period for Vortex Pipes Limited and its controlled entities. In that period the Group:

- continued to develop and refine the ShieldLiner™ System in accordance with the milestones and time lines agreed under the Commercial Ready Grant programme;
- installed an epoxy and fibreglass resin liner infield at Rockingham using the ShieldLiner™ System;
- won a CCF Earth Award in Western Australia for the Kalgoorlie-Boulder relining project;
- completed the supply and commenced the installation of glass reinforced epoxy ("GRE") pipe in a floating dock facility for Strategic Marine; and
- felt the effects of the downturn in the contracting market due to the global financial crisis.

Additional comments on each of these developments are incorporated below and have been the subject of comprehensive announcements lodged with the Australian Stock Exchange Limited ("ASX"). Copies of all ASX announcements are included under the Investor Section of the Company's web site which can be found at www.vortexpipes.com.

ShieldLiner Development Program

The Company continued to progress the AusIndustry Commercial Ready Grant program to support the further development and commercialisation of the ShieldLiner™ System for lining, repairing and sealing both gravity and pressure pipelines insitu without surface disruption. The program is nearing the final stage of its commercial ready development.

In December the Company successfully demonstrated the ShieldLiner System by completing an in-field relining project at Victoria Road, Rockingham, Western Australia. The liner was installed in a DN300mm concrete stormwater drainage pipe that was 35 metres long and had both tree root intrusions and ground water infiltration through the old pipe joints.

Vortex rehabilitated the old concrete pipe by using the ShieldLiner™ System to install its epoxy resin and fibreglass matrix lining package in the old pipe. This is the liner package matrix that Vortex has developed for potable water relining solutions, and is the first time that it has been installed in an in-field project.



In field job at Rockingham



A snapshot of the finished liner

The first field installation of our epoxy resin and fibreglass matrix used by ShieldLiner for refurbishing pipes is another milestone in commercialising the ShieldLiner™ System.

The Company had previously only installed ShieldLiner in the field using our vinyl ester and fibreglass liner matrix. Having now successfully installed the epoxy resin and fibreglass liner in the field, this brings us one step closer to installing the same matrix for the targeted water pipe refurbishment market. This is the same liner matrix that obtained potable water approval in Australia in May 2008.

Vortex expects to complete other in-field jobs over the next few months to further demonstrate its capabilities. As the owner of the ShieldLiner technology, Vortex plans to commercialise the ShieldLiner™ System domestically through contracting arrangements and overseas through licensing and technology joint ventures.

This development continues in accordance with the timeframe envisaged in the Company's approved Commercial Ready Grant although, as expected in any R&D development, some adjustments to the program have been made to accommodate advances in the technology. The program is expected to end by June 2009.

WA CCF Earth Award

During the period, Premium Pipe Services Pty. Ltd. won the 2008 Western Australia CCF Earth Award for Category One (project value up to \$1 million) for works completed on the City of Kalgoorlie-Boulder Sewer Replacement project. The awards were presented at the Western Australian CCF 2008 Earth Awards function in August 2008.

The CCF Earth Awards are managed by the Civil Contractors Federation ("CCF") throughout Australia. The Earth Awards are the pre-eminent awards recognizing excellence in civil construction. Projects are nominated on a state basis with state winners then being judged for the national awards. The CCF Earth Awards are designed to highlight construction technique, safety, environment, project management, innovation in concept and implementation. Unfortunately the Company was not successful in winning the national award when it was announced in November 2008, but nonetheless is very proud to be recognised for the quality and innovation shown on the City of Kalgoorlie-Boulder contract.



CCF Awards Night

In addition at the CCF Awards night in August, the Company was proud to have one of its valued employees, Mr Chad Lyon, win the inaugural Western Australian Civil Construction Trainee of the Year Award. Mr Lyon, who worked on the City of Kalgoorlie Boulder project, recently completed a Level 3 Certificate in Civil Construction (Trenchless Technology) specialising in pipe relining, being one of the first in Australia to do so.

Strategic Marine Contract

During the period, the Company completed the supply of the glass reinforced epoxy ("GRE") pipes and fittings for the Strategic Marine contract.

The Company had announced during the previous period that it had been awarded the contract with Strategic Marine Pty Ltd, a successful Western Australian shipbuilder that won the contract to build the floating dock for the Australian Marine Complex at Henderson, W.A. As part of that project, glass reinforced epoxy pipes were selected for use as part of the dewatering system. These pipes have advantages because of their non-corrosive qualities.



Installation of GRE pipe in the dock

The company was successful in obtaining the Purchase Order by offering GRE pipe manufactured by FiberGlass Systems. Vortex are the Australasian sales agents for Fiberglass Systems of San Antonio, Texas, who manufacture in the USA and China a full range of fibreglass reinforced epoxy pipes and fittings with widespread industrial applications, particularly in marine, oil and gas, petrochemical, water, sewerage and mining.

Supply of the GRE pipe and fittings was made to the Strategic Marine shipyard in Vietnam, where some installation of the pipe has been completed, prior to the floating dock facility being brought to Henderson.

Further installation works are scheduled for the first quarter of 2009 to be completed by the Company. The floating dock facility is expected to be completed with an expected commissioning in July 2009.

Other GRE Projects

In addition to the Strategic Marine contract, the Company has been actively engaged with principals and engineers of various oil and gas projects during the period to have GRE pipe introduced and included in their projects. The Company expects over the next year or so to be seriously considered as a supplier of GRE products in a number of projects that will come on-stream, notwithstanding some delays that may occur due to the global financial downturn.

Global Financial Crisis

The Group has begun to feel the effects of the financial downturn that commenced during the reporting period. Particular effect has been felt in the contracting arm of Premium Pipe Services Pty. Ltd., which has had severe cut backs on several of its pipe cleaning and servicing contracts with various local Councils. This has led to much lower revenues than expected for the pipe services and pipe relining works offered by PPS.

The Company is closely monitoring the position and has adjusted its short term expectations in light of the current position, but is still extremely confident of the medium to long term prospects as asset owners will be required to spend on infrastructure (new and existing) going forward.

Finances

During the six months to 31 December 2009 the consolidated group made a loss after tax of \$446,685 in comparison to a loss after tax of \$969,915 for the corresponding period last year. This improvement in operating results has been due to a concerted effort to control overhead expenditures, no one-off royalty payments in the current period, the non replacement of staff who have left and to the inclusion of the margins on a percentage of completion basis in respect of the Strategic Marine project.

Conclusion

It has been a period where the Group has continued to make excellent progress both on the technology front and with the trading of new businesses which will increase the Group's critical mass and reduce the risks associated with essentially being seen solely as an R&D focused company. The investment in the Pipe Services and GRE businesses will transform Vortex from being purely a developer of a world class trenchless technology into a group that will also be generating positive cash flows.

The Directors would like to formally acknowledge and thank all the employees, consultants and contractors who have assisted with the Company's development throughout the period. It has been a team effort and the efforts of all involved are to be commended and are certainly appreciated by the Directors.

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 7 and forms part of the directors' report.

Declaration

This report and its issuance has been made in accordance with a resolution of the Directors made pursuant to section 306 (3) (a) of the Corporations Act 2001.

For and on behalf of the Board



T.A Gosatti
Director
24 February 2009

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Vortex Pipes Limited for the half-year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

WHK HORWATH PERTH AUDIT PARTNERSHIP



CYRUS PATELL
Principal

Perth, WA
Dated this 24th day of February 2009

Total Financial Solutions

Member Horwath International

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Each member of the Association is a separate and independent legal entity.*

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF VORTEX PIPES LIMITED AND ITS CONTROLLED ENTITIES**

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Vortex Pipes Ltd and its Controlled Entities (the consolidated entity), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with the Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Vortex Pipes Ltd and its Controlled Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vortex Pipes Ltd and its Controlled Entities is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Continuation as a Going Concern

- a) Without qualification to the review opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1 to the financial statements, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

WHK HORWATH PERTH AUDIT PARTNERSHIP



CYRUS PATELL
Principal

Perth, WA
Dated this 24th day of February 2009

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Each member of the Association is a separate and independent legal entity.

DIRECTORS' DECLARATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

1. The Directors of the Company declare that the financial statements and notes as set out on pages 11 to 15:
- (a) Comply with Accounting Standard AASB 134, Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the financial position of the consolidated entity as at 31 December 2008 and of its performance for the half year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



T.A Gosatti
Director
24 February 2009

VORTEX PIPES LIMITED
ACN 096 870 978
AND CONTROLLED ENTITIES

CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Half Year Ended 31 Dec 2008	Half Year Ended 31 Dec 2007
	\$	\$
Revenue from ordinary activities	1,798,543	2,200,071
Cost of sales of goods	1,250,623	1,268,609
Change in inventories of materials and work in progress	(111,675)	679,044
Research and development costs, materials and consultants	25,536	69,154
Core technology, patent costs and intangibles amortisation	61,568	48,162
Staff wages, salaries and superannuation	593,529	710,146
Directors fees, salaries, superannuation and consulting costs	138,028	104,665
Depreciation expense	130,467	131,736
Public company costs, fees, share registry and shareholder costs	21,039	39,174
Occupancy costs	43,627	70,336
Legal fees	5,196	2,246
Audit fees	8,610	22,500
Insurances	53,934	61,227
Interest expense	43,370	28,372
Other expenses from ordinary activities	115,271	200,011
Royalty payment	-	150,000
Loss on disposal of plant & equipment	15,421	-
	<u>2,394,544</u>	<u>3,585,382</u>
Profit (Loss) from ordinary activities before income tax	(596,001)	(1,385,311)
Income tax revenue relating to ordinary activities	149,316	415,396
Net Profit (Loss)	<u>(446,685)</u>	<u>(969,915)</u>
Earnings (Loss) per share - basic cents per share	(\$0.0061)	(\$0.0154)
Earnings (Loss) per share - diluted cents per share	(\$0.0061)	(\$0.0154)

The above consolidated income statement should be read in conjunction with the accompanying notes.

VORTEX PIPES LIMITED
ACN 096 870 978
AND CONTROLLED ENTITIES

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	31 Dec 2008	30 June 2008
	\$	\$
Current Assets		
Cash and cash equivalents	222,966	148,648
Inventories	290,163	178,488
Trade and other receivables	410,258	632,897
Total Current Assets	<u>923,387</u>	<u>960,033</u>
Non-Current Assets		
Plant and equipment	1,144,176	1,263,167
Intangible assets	1,017,677	1,032,006
Deferred tax assets	752,157	704,172
Total Non-Current Assets	<u>2,914,010</u>	<u>2,999,345</u>
Total Assets	<u>3,837,397</u>	<u>3,959,378</u>
Current Liabilities		
Trade and other payables	753,016	611,684
Financial liabilities	396,315	378,928
Short term provisions	36,259	44,868
Total Current Liabilities	<u>1,185,590</u>	<u>1,035,480</u>
Non Current Liabilities		
Borrowings	466,011	533,934
Long term provisions	39,339	30,293
Deferred tax liabilities	119,122	115,651
Total Non-Current Liabilities	<u>624,472</u>	<u>679,878</u>
Total Liabilities	<u>1,810,062</u>	<u>1,715,358</u>
Net Assets	<u>2,027,335</u>	<u>2,244,020</u>
Equity		
Issued capital	6,921,628	6,691,628
Reserves	121,374	121,374
Retained losses	(5,015,667)	(4,568,982)
Parent interest	2,027,335	2,244,020
Minority equity interest	-	-
Total Equity	<u>2,027,335</u>	<u>2,244,020</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

VORTEX PIPES LIMITED
ACN 096 870 978
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Issued Capital \$	Retained Losses \$	Reserves \$	Total \$
Balance at 1 July 2007	5,994,738	(2,620,986)	108,025	3,481,777
Loss attributable to members of the Company		(969,915)		(969,915)
Balance at 31 December 2007	<u>5,994,738</u>	<u>(3,590,901)</u>	<u>108,025</u>	<u>2,511,862</u>
Balance at 1 July 2008	6,691,628	(4,568,982)	121,374	2,244,020
Shares issued – 3,066,667 shares at 7.5 cents	230,000			230,000
Loss attributable to members of the Company		(446,685)		(446,685)
Balance at 31 December 2008	<u>6,921,628</u>	<u>(5,015,667)</u>	<u>121,374</u>	<u>2,027,335</u>

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

VORTEX PIPES LIMITED
ACN 096 870 978
AND CONTROLLED ENTITIES

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Half Year Ended 31 Dec 2008	Half Year Ended 31 Dec 2007
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	1,839,232	1,791,308
Payments to suppliers and employees	(2,081,476)	(3,904,638)
R&D tax concession refunds received	250,402	259,440
Interest received	4,203	49,117
Interest paid	(43,370)	(28,372)
Net cash (used in)/provided by operating activities	<u>(31,009)</u>	<u>(1,833,145)</u>
Cash Flows From Investing Activities		
Purchase of plant and equipment	(35,261)	(231,401)
Proceeds from disposal of plant and equipment	8,363	-
Payments in respect of patent costs capitalised	(47,239)	(19,653)
Net cash (used in) investing activities	<u>(74,137)</u>	<u>(251,054)</u>
Cash Flows From Financing Activities		
Proceeds from issue of shares	230,000	-
Proceeds from short term loans	-	100,000
Repayment of loans	(50,536)	(1,242,498)
Net cash provided by/(used in) financing activities	<u>179,464</u>	<u>(1,142,498)</u>
Net increase (decrease) in cash held	74,318	(3,226,697)
Cash at the beginning of the half year	<u>148,648</u>	<u>3,464,167</u>
Cash at the end of the half year	<u><u>222,966</u></u>	<u><u>237,470</u></u>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

VORTEX PIPES LIMITED
ACN 096 870 978
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. Basis of preparation of half-year report

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

This interim half-year financial report does not include all the notes or full disclosures of the type normally included in an annual financial report. Accordingly, this financial report is to be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Vortex Pipes Limited during the interim reporting period in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. Going Concern

These financial statements have been prepared on the going concern basis of accounting which assumes that the economic entity will be able to meet its commitments, realise its assets and discharge its liabilities in the ordinary course of its business activities.

The economic entity's ability to continue as a going concern is contingent upon the successful completion of R&D activities and the commercial exploitation of the ShieldLiner™ System, continuing to successfully tender for new contracting projects and pipe supply contracts, the ability of the economic entity to continue to raise funds from equity issues in the market, the continued support of trade creditors and the conversion of trade receivables to cash within normal trading terms. In the event that the above matters do not eventuate, the support of trade creditors is not forthcoming and trade receivables are not converted into cash within normal trading terms, the going concern basis of accounting may not be appropriate and the economic entity may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

3. Loss for the half year

Half Year Ended 31 Dec 2008	Half Year Ended 31 Dec 2007
<u> \$</u>	<u> \$</u>

The following expense item is relevant in explaining the financial performance for the interim period:

Expenses

Payment of royalty to Sord Technologies Limited in satisfaction of future liability likely to have arisen under the Option Deed – Transfer and Cross-Licence of Technology Assets agreement

<u> -</u>	<u> 150,000</u>
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4. Discontinued Operations

No operations were discontinued during the period.

**VORTEX PIPES LIMITED
ACN 096 870 978
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

5. Segment Information

The Group operates in one business segment, namely the trenchless technology industry, and in one geographical segment being Australia.

6. Contingent Liabilities

There have been no changes to contingent liabilities since 30 June 2008.

7. Events Subsequent to Reporting Date

There have not been any matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the Group, the results of its operations or the state of affairs of the Group in financial years subsequent to this financial period