



**Vortex Pipes Limited**

ABN 80 096 870 978

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22nd July 2011

The Manager  
Companies Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

**ASX Announcement**  
**Half Year Report for the Year Ended December 2009**

Please find attached the Company's Half Year Financial Report for the year ended 31 December 2009.

Yours sincerely

A handwritten signature in blue ink, appearing to read "T Gosatti", with a circular flourish above the name.

Trevor Gosatti  
Managing Director

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***Vortex***

# **Vortex Pipes Limited**

ACN 096 870 978

**FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED  
31 DECEMBER 2009**

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**VORTEX PIPES LIMITED**

**FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Vortex Pipes Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## **VORTEX PIPES LIMITED**

### **CORPORATE DIRECTORY**

#### **Directors**

Mark Bernard Jenkins (Chairman)  
Trevor Adriano Gosatti  
John Townley Phillips  
Santino Di Giacomo

#### **Company Secretary**

Trevor Adriano Gosatti

#### **Registered Office**

Unit 6, 110 Inspiration Drive  
Wangara  
Western Australia 6065

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Wangara  
Western Australia 6947

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Email: [trevor.gosatti@vortexpipes.com](mailto:trevor.gosatti@vortexpipes.com)  
Website: [www.vortexpipes.com](http://www.vortexpipes.com)

#### **Auditors**

Crowe Horwath  
Level 6  
256 St Georges Terrace  
Perth  
Western Australia 6000

#### **Patent Attorney**

Wray & Associates  
Level 4  
1 William Street  
Perth  
Western Australia 6000

#### **Bankers**

Bank of Western Australia Ltd  
108 St Georges Terrace  
Perth  
Western Australia 6000

National Australia Bank  
226 Main Street  
Osborne Park  
Western Australia 6017

## **DIRECTORS' REPORT**

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2009 and the auditor's review report thereon.

### **Directors**

The Directors of the Company during the half-year and up to the date of this report are:

Mr Mark Bernard Jenkins – Chairman  
Mr Trevor Adriano Gosatti  
Mr John Townley Phillips  
Mr Santino Di Giacomo (appointed 11 January 2010)

### **Results**

The loss for the consolidated entity for the half-year was \$1,203,529 (2008: loss \$446,685) after income tax benefit of \$Nil (2008: \$149,316).

### **Review of Operations**

The half-year to 31 December 2009 was an extremely tough period for Vortex.

The Company did not make progress with its technology and operations, as it was constrained due to working capital limitations. As previously advised, in July 2009 the Company undertook a rights issue with the intention of raising approximately \$1.14 million in cash to supplement its working capital. Unfortunately, only \$435,000 was raised through the rights issue, and the Directors, in conjunction with the Lead Managers, endeavoured to place the shortfall with other interested parties.

Regrettably, the Company's efforts were thwarted by a combination of factors, including the impact of the global financial crisis and internal difficulties, and the Company's securities were suspended from quotation on ASX in September 2009. Vortex effectively ceased contracting operations in December 2009, with no staff remaining.

Since that time, the Company has focussed on reducing liabilities and seeking new capital. The Directors are hopeful of getting the Company back to an operational status and having its suspension on ASX lifted in the near future. It retains the principle asset in the Shieldliner technology for future potential opportunities.

### **Subsequent Events**

On 11 January 2010, the Company announced the execution of an agreement with Centurion for an agreement to issue a convertible note. On 16 July 2010, the Company announced that Centurion did not fulfil its obligations as required under the executed agreement and that, in the Company's view, the agreement had become null and void.

The Company successfully installed re-lining for several local and the state utilities. However, the effect of the global financial crisis meant that future work could not be assured. The Company therefore decided to wind down the contracting division in December 2009 and all staff were retrenched. In July 2010, the equipment was sold to a third party for \$518,000 (book value of \$425,481).

The Company has continued to pursue further opportunities for funding and asset acquirement. It entered into negotiations and due diligence reviews with several parties, however none of these transactions transpired for reasons usually associated with the other party.

On 10 December 2010 the Company raised \$100,000 in cash through the issue of Convertible Loan Notes. The terms of the Notes provide that interest at the rate of 10% was payable. The ability of the lender to convert the loan to equity is contingent on shareholder approval and a number of other conditions being attained. The Notes are otherwise repayable on 28 February 2011 and were paid out at that time.

On 1<sup>st</sup> July 2011 the Company announced that it had executed an agreement with Carmichael Corporate Pty Ltd to refinance the Company. The refinancing is intended to restore balance sheet strength and provide sufficient funding to allow Vortex to carry on its business.

The refinancing of Vortex includes a placement in 3 tranches of a combination of fully paid ordinary shares in the Company ("Shares") and secured loans convertible into shares to raise \$1,673,551.

Funds raised pursuant to the placement will be used to:

- repay a convertible note to the value of approximately \$100,000;
- complete an En Globo settlement payment to creditors of \$650,000; and
- provide working capital.

In addition, the Company's liabilities to Vortex Directors or their associates, and other nominated parties, in total approximately \$682,000, has been settled in full by either the issue of 100,000,000 Secured Convertible Loan Notes or payment of \$100,000,

This transaction will settle previous liabilities and provide the pathway for the Company to exploit its existing Shieldliner asset and to look at further opportunities.

#### **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 4.

This report is presented in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



MB Jenkins  
Director



TA Gosatti  
Director

Perth  
21 July 2011

**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.

CROWE HORWATH PERTH



CYRUS PATELL  
Partner

Perth, WA

Dated this 21<sup>st</sup> day of July 2011

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**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 Limited and its Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 2009 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 Limited 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 Limited 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 2009 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.

**Emphasis of Matter**

We draw attention to Note 2 of the half-year financial report which describes the uncertainty related to the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

CROWE HORWATH PERTH



CYRUS PATELL  
Partner

Perth, WA  
Dated this 21<sup>st</sup> day of July 2011



**VORTEX PIPES LIMITED**

**DIRECTORS' DECLARATION**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**


The Directors of Vortex Pipes Limited declare that:

1. the financial statements and accompanying notes, as set out on pages 7 to 15 are in accordance with the Corporations Act 2001, and:
  - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001; and
  - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2009 and 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 and is signed for on behalf of the Directors by:



MB Jenkins  
Director



TA Gosatti  
Director

Perth  
21 July 2011

VORTEX PIPES LIMITED ABN 80 096 870 978 AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the half-year ended 31 December 2009

	Note	Half-year ended 31 Dec 2009 \$	Half-year ended 31 Dec 2008 \$
<b>Revenue</b>		200,149	1,798,543
Cost of sales of goods		117,389	1,250,623
Change in inventories and work in progress		63,370	(111,675)
Research and development costs, materials and consultants		39,216	25,536
Core technology, patent costs and intangibles amortisation		14,894	61,568
Directors' fees, salaries, superannuation and consulting costs		289,986	138,028
Staff wages, salaries and superannuation		423,865	593,529
Depreciation expense		102,453	130,467
Public company costs, fees, share registry, shareholder costs		58,421	21,039
Occupancy costs		76,602	43,627
Legal fees		14,416	5,196
Audit fees		30,263	8,610
Insurances		48,443	53,934
Interest expense		31,647	43,370
Loss on disposal of non-current assets		-	15,421
Provision for doubtful debts		3,034	-
Other expenses from ordinary activities		89,679	115,271
		<u>1,403,678</u>	<u>2,394,544</u>
Loss before income tax		(1,203,529)	(596,001)
Income tax (expense)/benefit		-	149,316
Net loss for the period		(1,203,529)	(446,685)
Other comprehensive income		-	-
<b>Loss attributable to members of Vortex Pipes Limited</b>		<u>(1,203,529)</u>	<u>(446,685)</u>
Basic loss per share (cents per share)		(1.39)	(0.61)
Diluted loss per share (cents per share)		<u>(1.39)</u>	<u>(0.61)</u>

The financial statements should be read in conjunction with the accompanying notes.

VORTEX PIPES LIMITED ABN 80 096 870 978 AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 31 December 2009

	Note	31 Dec 2009 \$	30 June 2009 \$
<b>Current Assets</b>			
Cash and cash equivalents		5,348	10,948
Inventories		-	63,370
Trade and other receivables		111,790	350,749
<b>Total Current Assets</b>		<b>117,138</b>	<b>425,067</b>
<b>Non-Current Assets</b>			
Plant and equipment		788,297	883,287
<b>Total Non-Current Assets</b>		<b>788,297</b>	<b>883,287</b>
<b>Total Assets</b>		<b>905,435</b>	<b>1,308,354</b>
<b>Current Liabilities</b>			
Trade and other payables		1,288,926	994,807
Financial liabilities	3	997,397	461,136
Short term provisions		-	40,171
<b>Total Current Liabilities</b>		<b>2,286,323</b>	<b>1,496,114</b>
<b>Non-Current Liabilities</b>			
Financial liabilities	3	-	393,936
Long term provisions		-	31,321
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>425,257</b>
<b>Total Liabilities</b>		<b>2,286,323</b>	<b>1,921,371</b>
<b>Net (Deficiency)</b>		<b>(1,380,888)</b>	<b>(613,017)</b>
<b>Equity</b>			
Issued capital	4	7,357,286	6,921,628
Option Reserve		121,374	121,374
Accumulated Losses		(8,859,548)	(7,656,019)
<b>Total (Deficiency)</b>		<b>(1,380,888)</b>	<b>(613,017)</b>

The financial statements should be read in conjunction with the accompanying notes.

VORTEX PIPES LIMITED ABN 80 096 870 978 AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the half year ended 31 December 2009

	Share Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
Balance at 30 June 2008	6,691,628	121,374	(4,568,982)	2,244,020
Shares issued – 3,066,667 shares at 7.5 cents each	230,000	-	-	230,000
Loss attributable to members of the Company	-	-	(446,685)	(446,685)
<b>Balance at 31 December 2008</b>	<b>6,921,628</b>	<b>121,374</b>	<b>(5,015,667)</b>	<b>2,027,335</b>
Balance at 30 June 2009	6,921,628	121,374	(7,656,019)	(613,017)
Shares issued – 14,521,959 shares at 3 cents each	435,658	-	-	435,658
Loss attributable to members of the Company	-	-	(1,203,529)	(1,203,529)
<b>Balance at 31 December 2009</b>	<b>7,357,286</b>	<b>121,374</b>	<b>(8,859,548)</b>	<b>(1,380,888)</b>

The financial statements should be read in conjunction with the accompanying notes.

VORTEX PIPES LIMITED ABN 80 096 870 978 AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the half year ended 31 December 2009

	Note	Half-year ended 31 Dec 2009 \$	Half-year ended 31 Dec 2008 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		148,840	1,839,232
Payments to suppliers and employees		(854,857)	(2,081,476)
R&D tax concession refunds received		-	250,402
Interest received		92	4,203
Interest paid		(15,964)	(43,370)
Net cash used in operating activities		(721,889)	(31,009)
<b>Cash Flows from Investing Activities</b>			
Purchase of plant and equipment		(7,463)	(35,261)
Proceeds on disposal of plant and equipment		-	8,363
Payments in respect of patent costs capitalised		-	(47,239)
Net cash used in investing activities		(7,463)	(74,137)
<b>Cash Flows from Financing Activities</b>			
Proceeds from issues of shares	4	435,658	230,000
Loans from related parties		94,649	-
Proceeds from borrowings		247,132	-
Repayment of loans		(53,687)	(50,536)
Net cash provided by financing activities		723,752	179,464
<b>Net Increase/ (Decrease) In Cash Held</b>		(5,600)	74,318
Cash at the beginning of the period		10,948	148,648
Cash at the end of the period		5,348	222,966

The financial statements should be read in conjunction with the accompanying notes.

## VORTEX PIPES LIMITED ABN 80 096 870 978 AND CONTROLLED ENTITIES

### NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009

#### 1. Reporting Entity

Vortex Pipes Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report as at and for the six months ended 31 December 2009 covers the consolidated group of Vortex Pipes Limited and its subsidiaries (together referred to as the "consolidated entity" or "Group").

#### 2. Basis of preparation of half-year report

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. The consolidated interim financial report has been prepared on the accruals basis and on an historical cost basis.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this financial report is to be read in conjunction with the annual report for the year ended 30 June 2009 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 applied by the Group are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

#### Accounting Standards not previously applied

The Group has adopted the following new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the Group's operations and effective for the current reporting period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

#### *Presentation of Financial Statements*

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of income statement with statement of comprehensive income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the Standard.

#### *Operating Segments*

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision-maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position.

#### *Business Combinations and Consolidation Procedures*

Revised AASB 3 is applicable prospectively from 1 July 2009. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Group, include the following:

- All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.
- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS**

**For the half year ended 31 December 2009**

**2. Basis of preparation of half-year report (continued)**

- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- If the Group holds less than 100% of the equity interests in an acquiree and the business combination results in goodwill being recognised, the Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group elects which method to adopt for each acquisition.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

**Going concern**

The consolidated statement of financial position at 31 December 2009 reflects a net liability position of \$1,380,888 and an operating loss of \$1,203,529 after tax for the half-year ended 31 December 2009. The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and extinguishment of liabilities in the ordinary course of business. The Group presently has no significant sources of operating income and relies on equity contributions and cooperation of creditors and lenders to continue as a going concern.

Since 31 December 2009 the Group has been able to extinguish all hire purchase loans and substantially reduce trade and other payables, partly through the sale of plant and equipment. All asset carrying values have been reviewed and adjusted for impairment where necessary. The Directors are confident in the ability of the Group to successfully raise sufficient funding to continue as a going concern and continue to pay its debts as and when they fall due.

If the Group is not able to raise additional finance, the going concern basis may not be appropriate and as a result the Group 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.

**VORTEX PIPES LIMITED ABN 80 096 870 978 AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the half year ended 31 December 2009**

	<b>31 Dec 2009</b>	<b>30 June 2009</b>
	<b>\$</b>	<b>\$</b>
<b>3. Financial liabilities</b>		
<b>Current – secured</b>		
Hire purchase loans – due within one year	494,513	139,991
<b>Current – unsecured</b>		
Bank overdraft	14,090	31,799
Alinta Asset Management (2) Pty Ltd (a)	284,146	274,346
London Wall Investments Pty Ltd (b)	74,648	15,000
Noble Syndicate (c)	60,000	-
Centurion Securities and Investment Services Pty Ltd (d)	50,000	-
J T Phillips (e)	20,000	-
	<b>997,397</b>	<b>461,136</b>
<b>Non current – secured</b>		
Hire purchase loans – due within one to five years	-	393,936

**(a) Alinta Asset Management (2) Pty Ltd**

The unsecured loan bears interest at 8% p.a. (2008 – 8% p.a.). This loan was originally repayable on 31 December 2007 and was extended. Refer Note 6 for further details.

**(b) London Wall Investments Pty Ltd**

During the half-year the Company received loans totalling \$100,000 (2008: nil) from London Wall Pty Ltd, a company associated with Mr M B Jenkins. The amounts were unsecured, interest-free and of no fixed term. In August 2009, an amount of \$40,352 was repaid on the loan by way of subscription monies for shares pursuant to a rights issue. At balance date, \$74,648 remains owing to London Wall Pty Ltd.

**(c) Noble Syndicate**

This loan has no fixed repayment term and is interest free.

**(d) Centurion Securities and Investment Services Pty Ltd**

The amount recorded represents funds received pursuant to an agreement with Centurion for the proposed issue of a convertible note. The matter is in dispute and the subject of ongoing negotiations.

**(e) J T Phillips**

Mr J T Phillips, a director, loaned the Company \$20,000 in October 2009. The loan is unsecured, interest-free and of no fixed term. No repayments have been made on the loan.

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**VORTEX PIPES LIMITED ABN 80 096 870 978 AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the half year ended 31 December 2009**

	<u>31 Dec 2009</u>	<u>30 June 2009</u>
	\$	\$
<b>4. Issued capital</b>		
90,338,171 ordinary shares (30 June 2009 – 75,816,212)	<u>7,357,286</u>	<u>6,921,628</u>

The following movements in issued capital occurred during the six months ended 31 December:

	<b>Half-year ended 31 Dec 2009</b>		<b>Half-year ended 31 Dec 2008</b>	
	<b>Number of shares</b>	<b>\$</b>	<b>Number of shares</b>	<b>\$</b>
Balance 1 July	75,816,212	6,921,628	72,749,545	6,691,628
Issue of shares at \$0.03 each pursuant to pro rata rights issue	14,521,959	435,658	-	-
Issue of shares at \$0.075 each pursuant to a placement	-	-	<u>3,066,667</u>	<u>230,000</u>
Balance 31 December	<u>90,338,171</u>	<u>7,357,286</u>	<u>75,816,212</u>	<u>6,921,628</u>

	<u>31 Dec 2009</u>	<u>30 June 2009</u>
	\$	\$
<b>5. Commitments</b>		
The Company leased office and warehouse space during the year under a non- cancellable operating lease. The lease was assumed by a third party from 1 December 2009, and the Company now rents premises on a monthly basis and has no remaining lease commitments.		
Commitments for minimum lease payments in relation to this lease are as follows:		
Within one year	-	140,122
Later than one year but not later than five years	-	<u>70,061</u>
	-	<u>210,183</u>

Apart from the above, there were no other changes in commitments or contingencies from what was reported at 30th June 2009.

**6. Events occurring after reporting date**

On 11 January 2010, the Company announced the execution of an agreement with Centurion for an agreement to issue a convertible note. On 16 July 2010, the Company announced that Centurion did not fulfil its obligations as required under the executed agreement and that the agreement had become null and void, in the Company's view.

The Company successfully installed re-lining for several local and the state utilities. However, the effect of the global financial crisis meant that future work could not be assured. The Company therefore decided to wind down the contracting division in December 2009 and all staff were retrenched. In July 2010, the equipment was sold to a third party for \$518,000 (book value of \$425,481).

On 10 December 2010 the Company raised \$100,000 in cash through the issue of Convertible Loan Notes. The terms of the Notes provide that interest at the rate of 10% is payable. The ability of the lender to convert the loan to equity was contingent on shareholder approval and a number of other conditions being attained. The Notes were otherwise repayable on 28 February 2011 and were paid out at that time.

In relation to amounts owing to Alinta Asset Management at 31 December 2009 of \$284,146, subsequently a deed of release of debt was signed on 7 April 2011 between the parties, agreeing to release Vortex from \$258,646 of the total debt, provided Vortex pays the balance of \$50,000 (GST excl).

On 1<sup>st</sup> July 2011 the Company announced that it had executed an agreement with Carmichael Corporate Pty Ltd to refinance the Company. The refinancing is intended to restore balance sheet strength and provide sufficient funding to allow Vortex to carry on its business.

The refinancing of Vortex includes a placement in 3 tranches of a combination of fully paid ordinary shares in the Company ("Shares") and secured loans convertible into shares to raise \$1,673,551.

Funds raised pursuant to the placement will be used to:

- repay a convertible note to the value of approximately \$100,000;
- complete an En Globo settlement payment to creditors of \$650,000; and
- provide working capital.

In addition, the Company's liabilities to Vortex Directors or their associates, and other nominated parties, in total approximately \$682,000, has been settled in full by either the issue of 100,000,000 Secured Convertible Loan Notes or payment of \$100,000,

This transaction will settle previous liabilities and provide the pathway for the Company to exploit its existing Shieldliner asset and to look at further opportunities.

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