Vortex Pipes Limited
ABN 80 096 870 978
Unit 6, 110 Inspiration Drive, Wangara, Western Australia 6065
PO Box 1166, Wangara DC, Western Australia 6947
T +61 8 9302 5151 **F** +61 8 9302 5076
W www.vortexpipes.com

9th September 2011

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

ASX Announcement
Annual Report for the Year Ended June 2010

Please find attached the Company's Annual Report for the year ended 30 June 2010.

This report is to be read in conjunction with the Notice of Meeting lodged today.

Yours sincerely

Trevor Gosatti
Managing Director

ANNUAL REPORT 2010

Vortex Pipes Limited

ACN 096 870 978

VORTEX PIPES LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

VORTEX PIPES LIMITED

CORPORATE DIRECTORY

Directors

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

Company Secretary

Trevor Adriano Gosatti

Registered Office

Unit 6, 110 Inspiration Drive
Wangara
Western Australia 6065

Postal address:	PO Box 1166 Wangara Western Australia 6947
Telephone:	08 9302 5151
Facsimile:	08 9302 5076
Email:	trevor.gosatti@vortexpipes.com
Website:	www.vortexpipes.com

Auditors

Crowe Horwath Perth Audit Partnership
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

VORTEX PIPES LIMITED

MANAGING DIRECTORS' REVIEW

Dear Shareholder

The year to 30 June 2010 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 $435,658 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.

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.

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.

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 being obtained. The Notes were otherwise repayable on 28 February 2011 and were paid out at that time.

Subsequent to that transaction, the Company has signed a Binding Term Sheet with an undisclosed party regarding a potential recapitalisation and injection of new funds. The agreement has a number of conditions precedent to be met before being completed. This potential transaction will settle previous liabilities and provide the pathway for the Company to exploit its existing Shieldliner asset and to look at further opportunities.

<u>Premium Pipe Services</u>

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 remaining equipment was sold to a third party.

The economic downturn also affected the composite pipes division and expected the supply of GRE pipes to a number of projects has not occurred because the projects were delayed or deferred due to the downturn.

<u>Non Executive Director Appointment</u>

On 11 January 2010, Mr Sam Di Giacomo was appointed a director of the Company.

Trevor Gosatti
Managing Director

DIRECTORS' REPORT

The directors present their report together with the financial report of Vortex Pipes Limited (the "Company") and its controlled entities (the "Group"), for the year ended 30 June 2010 and the auditor's report thereon.

Directors

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

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

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

Principal Activities

The principal activities of the Group during the year were:

(a) maintain development of the ShieldLiner™ System incorporating:
   i) associated research into materials and applications;
   ii) the preparation of longer term project and business plans to further develop and commercially exploit the business; and

(b) as a secondary operation, operating composite pipe sales, pipe relining and various associated trenchless technology contracting activities incorporated in the subsidiary Premium Pipe Services Pty Ltd;

Dividends – Vortex Pipes Limited

No dividend has been declared or paid since incorporation and the Directors do not recommend the payment of a dividend.

Review of Operations

A review of operations is set out in the Managing Director's Review above.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Group other than as referred to elsewhere in this Annual Report and in the accounts and notes attached thereto.

Likely Developments

The Directors are continuing to assess opportunities to re-establish the Company, including the pursuit of both licensing and contracting opportunities for the use of the ShieldLiner™ System both domestically and internationally.

The Directors are confident that a Binding Term Sheet agreement made with a yet undisclosed entity will meet various conditions precedents and will allow a recapitalisation of the Company and will provide security of funding for the Company.

The Company will be able to pursue opportunities in the market for the Shieldliner technology and will also allow the Company to look for other opportunities with the new funding arrangements.

Information on Directors at the date of this report

MB Jenkins B.Com, Grad Dip (Bus) Non-executive Chairman Age 47

<u>Experience and expertise</u>
Mr Jenkins has over 20 years experience in consulting, operational/financial management and business development in professional Chartered Accountancy firms, investment banking, government agencies and public companies. Initially qualifying as a Chartered Accountant in Australia, Mr Jenkins career includes two extended periods in London, including a position as Australia's Investment Commissioner, and has involved successful and extensive investment, commercial, financial and government dealings in Australia, Asia, the United States and Europe. Mr Jenkins has also been an advisor and investor in early stage technology

companies, taking them through the initial funding and commercialisation stages. He has participated in numerous professional development programs, including Cranfield University in England.

Other current public company directorships
Non-executive Chairman of Quickstep Holdings Limited (appointed non-executive Director July 2005, appointed non-executive Chairman March 2007)

Former public company directorships in last 3 years
None

Special responsibilities
Mr Jenkins is Chairman of the Board and a member of both the Remuneration Committee and Audit and Risk Committee.

Interests in shares and options
4,035,227 ordinary shares in the Company
1,000,000 options over ordinary shares in the Company

TA Gosatti Managing Director - Executive Age 49

Experience and expertise
Mr Gosatti is a founding Director of Vortex Pipes Limited. He has over 25 years experience in all aspects of civil contracting operations, including administration and management. He is also Managing Director of Premium Pipe Services Pty Ltd, a wholly owned subsidiary of Vortex Pipes Limited and he was previously Managing Director of Premium Corporation Pty Ltd. He is a member of the Australian Institute of Company Directors, a current Board member and past president of the Civil Contractors Federation (WA Branch), a member of the National Board of the Civil Contractors Federation, an Alternate Director of the Skills DMC Industry Skills Council Board, a member of the Civil Construction Industry Sector of the Skills DMC Industry Skills Council, Chairman of the Civil Construction Training Package Working Party of the Skills DMC Industry Skills Council, and a Western Australian Councillor and current Australian Chairman for the Australasian Society for Trenchless Technology.

Other current public company directorships and former public company directorships in last 3 years
None

Special responsibilities
Mr Gosatti is Managing Director and a member of both the Remuneration Committee and Intellectual Property Committee.

Interests in shares and options
13,806,380 ordinary shares in the Company

JT Phillips BE, MEng Sc Non-executive director Age 69

Experience and expertise
Mr Phillips has 40 years experience as a civil engineer on major infrastructure works. He was a member of the Board of GHD Engineers for 25 years and Chairman for 4 years. Mr Phillips is a past President of the Institution of Engineers WA and is the Chief Executive Officer of the Construction Contractors Association. He is a member of the National Board of the Centre of Engineering, Leadership and Management, and a Board member of the WA Construction Industry Redundancy Fund. He is also a member of a number of private, government and not-for-profit committees.

Other current public company directorships and former public company directorships in last 3 years
None

Special responsibilities
Mr Phillips is a member of both the Remuneration Committee and the Audit and Risk Committee.

Interests in shares and options
1,600,001 ordinary shares in the Company.

S Di Giacomo B.Com Non-executive Director Age 46 Appointed 11 January 2010

Experience and expertise

Mr Di Giacomo qualified as a Chartered Accountant in 1984 with Ernst & Young, and subsequently worked in the Chairman's office of Mr Robert Holmes-a-Court's International Bell Group Ltd, as assistant to the Finance Director.

In 1988, he joined the international pharmaceutical group, Cortecs International Ltd and Provalis PLC. During his 12 year tenure with the UK based Provalis Group (listed on the LSE, NASDAQ and ASX), Mr Di Giacomo held a number of senior international executive positions (including Director of Corporate Development) and was also responsible for the Group expansion and capital raising activities. He was also a key figure in the Group's strategic and corporate restructuring and international expansion including capital raisings (NASDAQ and the LSE), the capture of new intellectual property and major health care and licensing contracts.

Mr Di Giacomo was a founder of Advance Healthcare Group Ltd (ASX:AHG). Advance managed a unique and innovative medication management and supply business, Pharmeasy, together with its well established pharmaceutical and medical surgical wholesale distribution business with Australian turnover in excess of $100 million.

Other current public company directorships
Director of listed companies Pallane Medical Limited (appointed 5 October 2009), Apac Coal Limited (appointed 29 June 2007) and Millipede International Limited (appointed 13 December 2006).

Former public company directorships in last 3 years
Director of listed company Costarella Design Ltd (appointed 1 March 2007, resigned 17 August 2009).

Special responsibilities
Mr Di Giacomo is a member the Audit and Risk Committee.

Interests in shares and options
None

Company Secretary

The Company Secretary is Mr Trevor Gosatti, who was appointed on 29 September 2009. Mr Robert Cameron-Wilton was the previous Company Secretary, having resigned on 29 September 2009.

Directors' Meetings

The Directors holding office during the year and the number of Directors' meetings and Directors' committee meetings held and attended by Directors during their term of office were as follows:

	Board Meetings		Audit and Risk Committee		Remuneration Committee	
	No. held: 13		No. held: 1		No. held: 0	
Director	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
MB Jenkins	13	13	1	1		
TA Gosatti	13	13	1	1		
JT Phillips	13	13	1	1		
S Di Giacomo	3	3	-	-		

Environmental Regulation

The Group's activities to date have not been subject to any particular and significant environmental regulation under Laws of either the Commonwealth of Australia or a State or Territory of Australia.

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 remaining equipment was sold to a third party.

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. The Company is currently in detailed discussions with two parties and will keep shareholders advised.

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.

Subsequent to that transaction, the Company has signed a Binding Term Sheet with an undisclosed party regarding a potential recapitalisation and injection of new funds. The agreement has a number of conditions precedents to be met before being completed. This potential transaction will settle previous liabilities and provide the pathway for the Company to exploit its existing Shieldliner asset and to look at further opportunities.

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number of options
31 May 2008	31 May 2011	20 cents	1,000,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Shares Issued on Exercise of Options

There were no shares issued during the operating period pursuant to the exercise of options.

Indemnification of Officers

The Company has indemnified the Directors (as named above) and all executive officers of the Company and of any related body corporate against any liability incurred as a Director, secretary or executive officer to the maximum extent permitted by the Corporations Act 2001.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer of the Company or of any related body corporate against a liability incurred as an officer.

Proceedings on behalf of the Company

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

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The Company may decide from time to time to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

No amounts were paid to the external auditor for non-audit services during the 2010 financial year (2009: nil).

Remuneration Report

The remuneration report is set out on pages 7 to 8 and forms part of the Directors' Report.

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 9.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

For and on behalf of the Board

MB Jenkins
Director

TA Gosatti
Director

Perth
21 April 2011

Remuneration report

This Remuneration Report, which has been audited, outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and the Corporations Regulations 2001.

For the purposes of this report, key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Principles used to determine the nature and amount of remuneration

The Board as a whole is responsible for considering remuneration policies and packages applicable both to Board members and senior executives of the Company. Broadly, the Company's remuneration policy is to ensure that any remuneration package properly reflects the person's duties and responsibilities and that it is competitive in attracting, retaining and motivating people of the highest calibre. Further, the policy incorporates the following key criteria of good reward governance practices:

- competitiveness and reasonableness,
- acceptability to shareholders,
- performance linkage / alignment of executive remuneration,
- transparency, and
- capital management.

The executive directors receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Individuals do, however, have the ability to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options given to directors and employees are valued using the Black-Scholes methodology.

As part of each executive director's remuneration package there is a performance based bonus component that is linked to key performance indicators (KPI's) included in the annual business plan. The KPI's target areas that the board believes are critical for the future development and growth of the Company. These include, but are not restricted to, the achievement of research and development milestones, improved financial performance, and identification of potential acquisitions that will complement the activities of the Company and provide shareholder wealth from profitable trading activities. Performance in relation to the KPI's is assessed annually, with bonuses being awarded depending on the assessed level of achievement of the goals and objectives.

Non-Executive Directors

Non-executive directors receive a fixed annual fee of $40,000 each for their services, except for the non-executive Chairman who receives $80,000. Total remuneration for all non-executive directors, last voted upon by shareholders at the 2006 annual general meeting, is not to exceed $200,000 per annum. The Company does not have any scheme relating to retirement benefits for non-executive directors.

No payments of non-executive director fees were made during the financial year.

Executive pay

The executive pay and reward framework is comprised solely, at this stage, of base pay and benefits, including superannuation.

Details of remuneration

The remuneration of each director and key management employee is shown below. The key management personnel of the Group and the parent entity include the directors as per page 3 above and R Cameron-Wilton.

	Short-term benefits		Post-employment benefits	Termination benefits	Share-based payments	
Name	**Salary and fees**	**Non-monetary benefits**	**Superannuation**		**Options**	**Total**
2010						
Non-executive directors						
MB Jenkins	86,666	-	-	-	-	86,666
JT Phillips	40,000	-	-	-	-	40,000
S Di Giacomo	16,666	-	-	-	-	16,666
Executive directors						
TA Gosatti	301,832	-		-	-	301,832
Other key management personnel						
R Cameron-Wilton	41,749	-	3,119	-	-	44,868
Totals 2010	**486,913**	**-**	**3,119**	**-**	**-**	**490,032**
2009						
Non-executive directors						
MB Jenkins	70,667	-	-	-	-	70,667
JT Phillips	40,000	-	-	-	-	40,000
JK McDonald	3,850	-	-	-	-	3,850
AM Zuiderwyk	2,752	-	248	-	-	3,000
Executive directors						
TA Gosatti	146,800	-	13,302	-	-	160,102
Other key management personnel						
R Cameron-Wilton	56,426	-	5,078	-	-	61,504
GJ Nairn	109,856	-	9,887	4,990	-	124,733
MB Morris	79,094	-	6,138	-	-	85,232
Totals 2009	**509,445**	**-**	**34,653**	**4,990**	**-**	**549,088**

Notes to remuneration table:

1. All non-executive director fees have been accrued only and remain unpaid.
2. T A Gosatti was paid a total of $121,424 of the salary earned in 09/10, with the balance remaining outstanding.
3. S Di Giacomo was appointed a Director on 11 January 2010.
4. J K McDonald resigned from the Company on 17 September 2008.
5. A M Zuiderwyk resigned from the Company on 10 November 2008.
6. R Cameron-Wilton resigned from the Company on 29 September 2009.

Service agreements

Remuneration and other terms of employment for the Managing Director and other key management personnel are formalised in individual contracts of employment. The principal components of this contract of employment are as follows:

<u>TA Gosatti –Managing Director</u>

- Term of agreement – on-going commencing 1 January 2007.
- Base salary, inclusive of superannuation, for the year ending 30 June 2010 of $200,000.
- Eligible to receive a discretionary performance linked bonus on the achievement of targets and other objectives as stipulated by the Board of Directors.
- Agreement can be terminated by 3 months' notice or through mutual agreement.

Share-based compensation

Options are issued from time to time to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to increase goal congruence between directors, employees and shareholders. No options were granted as remuneration to key management personnel, including directors, during the year (2009: nil).

Additional information

There is no additional information that is required to be disclosed in respect of the year ended 30 June 2010.

Crowe Horwath

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Vortex Pipes Limited for the year ended 30 June 2010, 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

CROWE HORWATH PERTH

SEAN MCGURK
Partner

Perth, WA

Dated this 21st day of April 2011

VORTEX PIPES LIMITED

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board and the Company recognise that the Company's shareholders, employees, regulatory bodies, customers and the community expect a high standard of accountability, performance and ethical behaviour and the Board acknowledges its responsibilities for and commitment to best practice in corporate governance.

The Company's corporate governance framework is underpinned by the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (2nd Edition)* ("Recommendations") applicable to ASX-listed entities. This Corporate Governance Statement provides details of the Company's main corporate governance practices which were in place for the entire financial year and the Company's compliance with the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation.

ASX CGC 1 – Lay solid foundations for management and oversight

The Council states that the Company should recognise and publish the respective roles and responsibilities of board and management.

The Board of Directors is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has established a framework for the management of the Company including an overall framework of internal control, risk management and ethical standards. This framework is expressed in a Board Charter and in a statement of delegation of authority to senior management.

ASX CGC 2 – Structure the board to add value

The Council states that the Company should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

The full Board is responsible for establishing criteria for Board membership, reviewing Board membership and identifying and nominating Directors. Board membership is reviewed regularly to ensure the Board has an appropriate mix of qualifications, skills and experience. Candidates appointed by the Board must stand for election at the first General Meeting of shareholders following their appointment. The Board of the Company currently comprises of a non-executive Chairman, three non-executive directors and the Managing Director.

Details of Directors (Mr Gosatti, Mr Jenkins, Mr Phillips and Mr Di Giacomo) are set out in the Directors' Report. Mr Gosatti is a major shareholder or a representative of major shareholders and as such may not necessarily be considered an independent director. Notwithstanding this fact, the Company complies with ASX Corporate Governance Principle 2.1 which recommends that a company's board comprise a majority of independent directors.

The Company's Managing Director (CEO) has the responsibility for guiding management in effectively carrying out tasks and achieving job task objectives. The Company has a very small number of senior executives and management, and there are regular formal and informal opportunities for management to interact with board members.

The full Board meets on a regular basis with a comprehensive set of board papers issued before the meeting for consideration and discussion. The Board as a whole makes decisions on important Company issues.

The Board has established two committees to provide specific oversight:

1. Audit and Risk Committee

The role of the audit and risk committee is set out in a charter and its responsibilities include reviewing all published accounts of the group, reviewing the scope and independence of external audits, monitoring and assessing the systems for internal compliance and control, legal compliance and risk management, and advising on the appointment, performance and remuneration of the external auditors.

Mr Jenkins and Mr Phillips form the audit and risk committee. The external auditors attend all audit and risk committee meetings, together with the Group's CFO.

2. Remuneration Committee

The role of the remuneration committee is to design and ensure appropriate remuneration policies are in place to meet the needs of the Company and to enhance corporate and individual performance. The remuneration committee is responsible for reviewing:

- executive remuneration and incentive policies

- the remuneration packages of senior management
- the Company's recruitment, retention and termination policies and procedures for senior management
- superannuation arrangements
- the performance management system operating within the Company and its effectiveness
- the remuneration framework for Directors

Mr Phillips and Mr Gosatti form the remuneration committee. Mr Jenkins joins the committee in place of Mr Gosatti when issues related to the CEO are considered.

ASX CGC 3 – Promote ethical and responsible decision-making

The Board has adopted a Company Code of Conduct to promote ethical and responsible decision-making by all employees (including directors). The Code embraces the values of honesty, integrity, accountability, equality and striving to enhance the reputation and performance of the Company. In summary the over-riding principles are:

- all employees must conduct their duties honestly and in the best interests of the Company as a whole
- treat other stakeholders fairly and without discrimination
- respect confidentiality and do not misuse Company information or assets
- conduct themselves in accordance with both the letter and spirit of the law
- maintain a safe working environment.

A copy of the Company's Code of Conduct is available at the Company's registered office.

The Company has also formulated a Company policy for directors, executives and employees concerning dealings in Company securities. This policy is as follows:

Company policy and the Corporations Act 2001, prohibits directors and employees from buying and selling or otherwise dealing in securities of the Company whilst in possession of price sensitive information that, in accordance with the Corporations Act 2001, has not been made public or is otherwise not generally available.

In accordance with good practice and to assist in the avoidance of any inadvertent breach of the Corporations Act 2001, the policy of the Company in relation to dealings by Directors and employees in securities of the Company is as follows:

A Director or employee may only purchase, transfer, or otherwise deal in securities of the Company during a 30 day period commencing three days after:

a) The release of the Company's annual report to the ASX;
b) The release of the Company's half yearly financial report to the ASX;
c) The release of a quarterly report by the Company to the ASX pursuant to Listing Rule 4.7B;
d) The annual general meeting of the Company; or
e) The release of a Company prospectus.

Each director and employee is required to satisfy themselves that any dealings in securities of the Company which they undertake is not in breach of the Corporations Act 2001.

This policy has been incorporated into a set of Guidelines for Trading in Company Shares, which is available at the Company's registered office.

ASX CGC 4 – Safeguard integrity in financial reporting

The Council states that the Company should have a structure to independently verify and safeguard such integrity.

The Chief Executive Officer and the Chief Financial Officer (or equivalent officers) are required to state to the Board in writing that the financial statements of the Company present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with the relevant accounting standards and the appropriate disclosure of all information required by statute.

The Board has established an audit committee which operates under a charter approved by the Board. Its role and its responsibilities include reviewing all published accounts of the group; reviewing the scope and independence of external audits; monitoring and assessing the systems for internal compliance and control, legal compliance and risk management; and advising on the appointment, performance and remuneration of the external auditors. The charter of the audit committee is available at the Company's registered office.

The Company's auditor is Crowe Horwath, appointed in 2002. Consistent with ASX CGC 6 Crowe Horwath attends, and is available to answer questions at, the Company's Annual General Meeting.

The signing off of the annual accounts is a matter considered by the whole Board together with the external auditor.

ASX CGC 5 – Make timely and balanced disclosure

The Council states that the Company should make timely and balanced disclosure of all material matters concerning the Company.

In the Company's current stage of development, matters of critical importance arise regularly. The Chief Executive Officer will discuss significant issues with board members and jointly will make a decision on the timely release of factual and balanced information concerning the Company's activities. To maintain consistency, the Board has approved a Continuous Disclosure Policy, which is available at the Company's registered office, and which covers announcements to the ASX, prevention of selective or inadvertent disclosure, conduct of investor and analysts' briefings, and media communications.

ASX CGC 6 – Respect the rights of shareholders

The Council states that the Company should facilitate the effective exercise of these rights.

The Company recognises the important role of communicating with shareholders, and has for several years regularly informed shareholders about current and proposed activities.

The Company will ensure that the Annual General Meeting is held in a manner that enables as many shareholders as possible to attend and encourages effective participation by shareholders. The Company requires the attendance of the external auditor at the Company's Annual General Meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

ASX CGC 7 – Recognise and manage risk

The Council states that the Company should establish a sound system of risk oversight and management and internal control.

The Chief Executive Officer is responsible to the Board for the Company's system of internal control and risk management. The audit committee assists the Board in monitoring this role.

Consistent with the requirements of ASX CGC 4&7, the Chief Executive Officer and the Chief Financial Officer (or equivalent) are required to state to the Board in writing that the financial statements of the Company present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with the relevant accounting standards and the appropriate disclosure of all information required by statute. Additionally, the Chief Executive Officer and the Chief Financial Officer are required to state in writing that this statement is founded on a sound system of risk management and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

A risk management policy has been approved by the Board.

In fulfilling their duties, the Directors may obtain independent professional advice at the Company's expense.

ASX CGC 8 – Encourage enhanced performance

The Council states that the Company should fairly review and actively encourage enhanced Board and management effectiveness.

A Performance Evaluation Policy has been approved by the Board. The remuneration committee assesses that the framework and the processes used for conducting evaluations are appropriate and then makes recommendations to the Board.

ASX CGC 9 – Remunerate fairly and responsibly

The Council states that the Company should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

The Board has approved a remuneration policy. The remuneration committee assesses that the policy has been followed, and in particular assesses Chief Executive Officer performance and incentive payments, and makes recommendations to the Board.

Disclosure of Director and senior executive remuneration is contained in the annual report as required by the Corporations Act 2001. The fees payable to non-executive directors is currently capped at A$200,000 per annum in total.

ASX CGC 10 – Recognise the legitimate interests of stakeholders

The Council recommends a Company Code of Conduct be established, which has been done (see ASX CGC 3 above).

Crowe Horwath™

INDEPENDENT AUDIT REPORT TO MEMBERS OF VORTEX PIPES LIMITED AND ITS CONTROLLED ENTITIES

We have audited the accompanying financial report of Vortex Pipes Limited and its Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2010, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and 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 control 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 Note1, 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 (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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 judgment, 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.

Auditor's Opinion

In our opinion, the financial report of Vortex Pipes Limited and its Controlled Entities is in accordance with the Corporations Act 2001 including:

(a) (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

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

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

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Emphasis of Matter
We draw attention to Note 1(c) of the financial statements which describes the uncertainty related to the Groups ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on the Remuneration Report
We have audited the Remuneration Report included in pages 7 to 8 of the directors' report for the year ended 30 June 2010. 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 for Vortex Pipes Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

CROWE HORWATH PERTH

Sean McGurk

SEAN MCGURK
Partner

Perth, WA

Dated this 21st day of April 2011

VORTEX PIPES LIMITED

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 June 2010

The Directors of the Company declare that:

1. the financial statements and notes set out on pages 16 to 38, and the Remuneration Report set out on pages 7 to 8, are in accordance with the Corporations Act 2001 including:
   (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
   (ii) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2010 and their performance for the financial year ended on that date;

2. the financial report also complies with International Financial Reporting Standards;

3. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Executive Director and Chairman of the Audit and Risk Committee for the year ended 30 June 2010.

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

MB Jenkins
Director

TA Gosatti
Director

Perth
21 April 2011

VORTEX PIPES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2010

	Note	Consolidated 2010 $	2009 $
Revenue	2	318,697	2,675,538
Cost of sales of goods		130,460	1,356,693
Change in inventories of materials and work in progress		63,370	115,118
Research and development costs, materials and consultants		39,800	59,076
Core technology, patent costs and intangibles amortisation		14,894	130,049
Impairment of intangibles		-	1,007,636
Impairment of plant and equipment		-	135,220
Directors' fees, salaries, superannuation and consulting costs		423,319	279,279
Staff wages, salaries and superannuation		448,111	1,073,163
Depreciation expense		204,851	261,546
Public company costs, fees, share registry, shareholder costs		72,832	25,021
Occupancy costs		99,944	120,803
Legal fees		18,302	5,198
Audit fees		28,163	33,810
Insurances		87,832	107,323
Interest expense		85,077	88,005
Loss on disposal of non-current assets		9,514	17,756
Provision for doubtful debts		3,034	385,897
Other expenses from ordinary activities		107,152	157,864
		1,836,655	5,359,457
Loss before income tax		(1,517,958)	(2,683,919)
Income tax (expense)/benefit	4(a)	-	(403,118)
Net loss for the year		(1,517,958)	(3,087,037)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(1,517,958)	(3,087,037)
Loss attributable to minority equity interest		-	-
Loss attributable to members of the parent entity	3	(1,517,958)	(3,087,037)
Basic loss per share (cents per share)	15	(0.0172)	(0.0414)
Diluted earnings per share	15	(0.0172)	(0.0414)

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

VORTEX PIPES LIMITED

STATEMENT OF FINANCIAL POSITION
as at 30 June 2010

	Note	Consolidated 2010 $	2009 $
Current Assets			
Cash and cash equivalents	5	10,292	10,948
Inventories	6	-	63,370
Trade and other receivables	7	9,376	350,749
Assets classified as held for sale	8	436,766	-
Total Current Assets		456,434	425,067
Non-Current Assets			
Plant and equipment	8	211,929	883,287
Intangible assets	9	-	-
Deferred tax assets	4	-	-
Total Non-Current Assets		211,929	883,287
Total Assets		668,363	1,308,354
Current Liabilities			
Trade and other payables	10	1,412,958	994,807
Financial liabilities	11	950,722	461,136
Short term provisions	12	-	40,171
Total Current Liabilities		2,363,680	1,496,114
Non-Current Liabilities			
Financial liabilities	11	-	393,936
Long term provisions	12	-	31,321
Deferred Tax Liabilities	4	-	-
Total Non-Current Liabilities		-	425,257
Total Liabilities		2,363,680	1,921,371
Net Assets		(1,695,317)	(613,017)
Equity			
Issued capital	13	7,357,286	6,921,628
Option Premium Reserve	14	121,374	121,374
Accumulated Losses		(9,173,977)	(7,656,019)
Parent interest		(1,695,317)	(613,017)
Minority equity interest		-	-
Total Equity/(Deficiency)		(1,695,317)	(613,017)

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

VORTEX PIPES LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2010

	Share Capital $	Option Premium Reserve $	Accumulated Losses $	Total $
Consolidated				
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	230,000	-	-	230,000
Loss attributable to members of the Company	-	-	(3,087,037)	(3,087,037)
Balance at 30 June 2009	6,921,628	121,374	(7,656,019)	(613,017)
Shares issued – 14,521,959 shares at 3 cents	435,658	-	-	435,658
Loss attributable to members of the Company	-	-	(1,517,958)	(1,517,958)
Balance at 30 June 2010	7,357,286	121,374	(9,173,977,)	(1,695,317)

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

VORTEX PIPES LIMITED

STATEMENT OF CASH FLOWS
for the year ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Cash Flows from Operating Activities			
Receipts from customers		265,770	2,514,427
Payments to suppliers and employees		(1,170,432)	(2,818,955)
R&D tax concession refunds received		189,809	250,402
Interest received		970	4,342
Interest paid		(42,089)	(88,005)
Net cash used in operating activities	16	(755,972)	(137,789)
Cash Flows from Investing Activities			
Purchase of plant and equipment		(4,773)	(44,006)
Proceeds on disposal of plant and equipment		79,449	9,364
Payments in respect of patent costs capitalised		-	(105,679)
Net cash provided by (used in) investing activities		74,676	(140,321)
Cash Flows from Financing Activities			
Proceeds from issues of shares		435,659	230,000
Loans from related parties		115,737	14,203
Proceeds from borrowings		267,132	-
Repayment of loans		(137,888)	(103,793)
Net cash provided by financing activities		680,640	140,410
Net Increase/ (Decrease) In Cash Held		(656)	(137,700)
Cash at the beginning of the period		10,948	148,648
Cash at the end of the period	5	10,292	10,948

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

1. Statement of Significant Accounting Policies

The following is a summary of the material accounting policies adopted in the preparation of the financial report. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Reporting entity

Vortex Pipes Limited (the "Company") is a public company incorporated and domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2010 comprises the Company and its subsidiaries (together referred to as the "consolidated entity" or the "Group").

On 28 June 2010, the government announced the passage of the Corporations Amendment (Corporate Reporting Reform) Bill 2010. The changes contained within the Bill have come into effect for the financial year ended 30 June 2010. A key change that impacted the financial report of Vortex Pipes Limited is the abolition of the requirement to prepare parent company financial statements in addition to consolidated financial statements. As a result of this, the separate financial statements of the parent entity, Vortex Pipes Limited, have not been presented within this group financial report. Certain disclosures required by the Corporations Act 2001 in relation to the parent entity are detailed in Note 25 to the financial statements.

b) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated group and parent entity financial statements and notes comply with International Financial Reporting Standards.

These financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the revaluation of selected financial assets and financial liabilities for which the fair value basis of accounting has been adopted. Cost is based on the fair values of the consideration given in exchange for assets.

c) Going Concern

The consolidated statement of financial position at 30 June 2010 reflects a net current liability position of $1,907,246 and an operating loss of $1,517,958 before tax for the year ended 30 June 2010. 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 30 June 2010 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.

d) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Vortex Pipes Limited as at 30 June 2010 and the results of all controlled entities for the year then ended. Controlled entities are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered. Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of controlled entities by the Group. Cost is measured as the fair value of the assets given or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the net assets acquired is recorded as goodwill.

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of controlled entities are consistent with those of the parent entity.

Minority interests, being that portion of the profit or loss and net assets of controlled entities attributable to equity interests held by persons outside the group, are shown separately within the Equity section of the consolidated statement of financial position and in the consolidated statement of comprehensive income.

1. Statement of Significant Accounting Policies (continued)

e) Income Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated group financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor 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.

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

f) Research and Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will, after considering its technical and commercial feasibility, be completed and generate future economic benefits and its costs can be measured reliably. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

g) Plant, equipment, vehicles and other fixed assets

Plant, equipment, vehicles and other fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant, equipment, vehicles and other fixed assets. Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

The following estimated useful lives are used in the calculation of depreciation:

- Plant and equipment – 5 to 15 years
- Motor vehicles – 5 years
- Furniture, fittings and office equipment – 5 to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(o)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

1. Statement of Significant Accounting Policies (continued)

h) Inventories

Lining materials and resins

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

Construction work in progress

Construction work in progress is valued at cost plus profit recognised to date less any provision for anticipated future losses. Cost includes both fixed and variable costs relating to specific contacts.

i) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired controlled entity at the date of acquisition. Goodwill on acquisitions of controlled entities is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses (if any).

Goodwill is allocated to the Group's sole cash-generating unit for the purpose of impairment testing.

Patents, trademarks, core technologies and licences

Patents, trademarks, core technologies and licences are recorded at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight line basis over their estimated useful lives of 20 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

j) 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.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit and loss. Transaction costs related to instruments classified as at fair value through profit and loss are expensed to profit and loss immediately. Financial instruments are classified and 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 profit and loss.

Classification and Subsequent Measurement

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 subsequently measured at amounts due less provision for doubtful debts.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

1. Statement of Significant Accounting Policies (continued)

k) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

m) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. All revenue is stated net of the amount of goods and services tax (GST).

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue from the sale of goods is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are rendered.

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Construction and installation contracts

Revenue from construction and installation contracts is recognised using the percentage of completion method, based primarily on contract costs incurred to date, compared to estimated overall contract costs.

Where a loss is expected to occur it is recognised immediately and is made for both work in progress completed to date and for future work on the contract.

n) Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss in the period in which they arise.

o) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

1. Statement of Significant Accounting Policies (continued)

o) Impairment of assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in the statement of comprehensive income, as interest expense, over the period of the borrowing using the effective interest method.

r) Share-based payments

The Company has an employee share option scheme and has also issued options to certain directors. The fair value of options is recognised as an employee benefit expense in the statement of comprehensive income over the vesting period or immediately vesting conditions are satisfied, with a corresponding credit to the Option Premium Reserve. Fair value is determined utilising the Black Scholes option pricing model and assumptions as noted in the financial statements at the end of the period in which the options were granted.

The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

s) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The Group does not have any finance leases.

t) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

u) Contributed Equity

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

v) Earnings per Share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year.

		Consolidated 2010 $	Consolidated 2009 $
2.	**Revenue**		
	Operating Activities		
	Sales	227,592	2,437,504
	Interest received	969	4,342
	Government grants received	65,409	204,768
	Other	24,727	28,924
	Total Revenue	318,697	2,675,538
3.	**Loss from ordinary activities before income tax expense has been determined after:**		
	Expenses		
	Research and development expenditure	256,250	413,587
	Impairment of intangible assets	-	1,007,636
	Impairment of plant and equipment	-	135,220
	Remuneration of auditors of the Company		
	- Auditing the financial statements	28,163	33,810
	- Other services	-	-
	Operating lease – minimum lease payments	87,842	100,008
	Increase/(decrease) in employee provisions	(71,492)	(3,669)

4. Income Tax

The prima facie income tax expense (benefit) on the loss from ordinary activities reconciles to the income tax expense in the financial statements as follows:

	2010 $	2009 $
(a) Loss from ordinary activities	(1,517,958)	(2,683,919)
Income tax (benefit) calculated at 30% of operating loss	(455,388)	(805,176)
Future income tax benefit attributable to tax losses not brought to account	383,838	1,208,229
Tax effect of permanent items – non-deductible expenses	90,273	265
Tax effect of amortisation of capital raising costs	(18,723)	-
Income tax expense/(credit) attributable to operating loss	-	403,118
This is represented by:		
Deferred tax	-	-
De-recognition of prior year tax losses	-	588,521
Taxation rebate for research and development expenditures (see note 7)	-	(185,403)
	-	403,118
(b) Non-current liability - Deferred tax liability		
The balance comprises temporary differences attributable to**:**		
Amounts recognised in profit and loss		
Prepayments	-	27,558
	-	27,558
Set -off of deferred tax assets pursuant to set-off provisions (below)	-	(27,558)
Net deferred tax liability	-	-

		Consolidated	
		2010	2009
		$	$
4.	**Income Tax (continued)**		
	(b) Non-current liability - Deferred tax liability (continued)		
	Movements:		
	Opening balance at 1 July	-	115,651
	Charged to the statement of comprehensive income	-	(115,651)
	Credited to equity	-	-
	Closing balance at 30 June	-	-
	Deferred tax liabilities to be settled after more than 12 months	-	-
	(c) Non-current asset – Deferred tax asset		
	The balance comprises temporary differences attributable to:		
	Amounts recognised in profit and loss		
	Accrued expenses	-	105,116
	Employee benefits	-	31,943
	Other	-	61
		-	137,120
	Amounts recognised directly in equity		
	Share issue expenses	-	41,299
		-	178,419
	Set -off of deferred tax assets pursuant to set-off provisions	-	(27,558)
		-	150,861
	De-recognition of deferred tax assets	-	(150,861)
	Net deferred tax asset	-	-

The future income tax benefits attributable to tax losses not brought to account for the Group amounting to approximately $1,349,525 (2009 - $1,111,933) will only be obtained if the Company derives assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised, conditions for deductibility imposed by the law are complied with, and no changes in tax legislation adversely affect the realisation of the benefit from the tax losses.

		Consolidated	
		2010	2009
		$	$
5	**Cash and cash equivalents**		
	Cash at bank	10,292	10,948
6.	**Inventories**		
	Materials on hand, at cost	-	63,370

	Consolidated 2010 $	Consolidated 2009 $
7. Trade and other receivables		
Current		
Trade debtors	396,223	430,179
Provision for impairment of receivables (note (a))	(386,847)	(385,897)
	9,376	44,282
Sundry debtors and prepayments	-	121,064
Taxation rebate for research and development expenditures	-	185,403
	9,376	350,749

(a) Impaired trade receivables

As at 30 June 2010 current trade receivables of the Group with a nominal value of $386,847 (2009: $385,897) were impaired. The amount of the provision was $386,847 (2009: $385,897). The bulk of the impairment relates to a single trade debtor, and although it is considered that a portion, if not all, of that debt will be recovered, a provision has been made because of the uncertainty of the matter.

8. Plant and Equipment

	2010 $	2009 $
Plant and equipment at cost	423,858	1,145,695
Accumulated depreciation and impairment	(378,371)	(618,831)
	45,487	526,864
Motor vehicles at cost	277,894	498,801
Accumulated depreciation	(123,488)	(162,855)
	154,406	335,946
Office equipment at cost	63,883	63,883
Accumulated depreciation	(57,531)	(51,657)
	6,352	12,226
Office furniture at cost	21,833	21,833
Accumulated depreciation	(16,149)	(13,582)
	5,684	8,251
	211,929	**883,287**

Movement in Carrying Amounts:

	Plant & Equipment	Motor Vehicles	Office Furniture	Office Equipment	Total
Carrying amount at 30 June 2008	839,091	395,567	15,725	12,784	1,263,167
Additions	4,067	33,249	-	6,690	44,006
Disposals	(14,455)	(10,136)	(2,173)	(356)	(27,120)
Depreciation expense	(166,619)	(82,734)	(5,301)	(6,892)	(261,546)
Impairment expense	(135,220)	-	-	-	(135,220)
Carrying amount at 30 June 2009	526,864	335,946	8,251	12,226	883,287
Additions	5,228	-	-	-	5,228
Disposals	-	(34,969)	-	-	(34,969)
Transfer to assets held for sale (i)	(356,005)	(80,761)	-	-	(436,766)
Depreciation expense	(130,600)	(65,810)	(2,567)	(5,874)	(204,851)
Carrying amount at 30 June 2010	45,487	154,406	5,684	6,352	211,929

(i) Includes items which were disposed of in August 2010, and for which a deposit had been received prior to 30 June 2010.

		Consolidated 2010 $	Consolidated 2009 $
9.	**Intangible Assets**		
	Technology rights at cost	500,000	500,000
	Capitalised patent expenditure at cost	548,022	548,022
	Accumulated amortisation – technology rights and capitalised patent expenditure	(425,759)	(425,759)
	Amount written off - technology rights and capitalised patent expenditure	(622,263)	(622,263)
	Licence and know-how at cost	360,100	360,100
	Accumulated amortisation – licence	(100,000)	(100,000)
	Amount written off	(260,100)	(260,100)
	Goodwill at cost	125,273	125,273
	Amount written off	(125,273)	(125,273)
		-	-

Movement in carrying amount

	2010 $	2009 $
Opening net book amount at 1 July	-	1,032,006
Additions	-	105,679
Amortisation charge	-	(130,049)
Impairment provision	-	(1,007,636)
Closing net book amount at 30 June	-	-

The recovery of the carrying value of the technologies is dependent upon profit earned from licensing and/or sales of the technologies. The carrying value of the Vortex Pipes technology is reviewed annually to ensure the carrying value is not in excess of its recoverable amount. The technology rights and patent expenditure have been fully written off.

Intangible assets, other than goodwill, have finite useful lives. Goodwill has an infinite life. All goodwill has been written off.

10. Trade and other payables

Current

	2010 $	2009 $
Unsecured trade creditors	386,872	254,051
Sundry creditors and accruals	966,086	740,756
Prepaid Income	60,000	-
	1,412,958	994,807

11. Financial liabilities

Current – secured

	2010 $	2009 $
Hire purchase loans – due within one year	411,039	139,991

Current – unsecured

	2010 $	2009 $
Alinta Asset Management (2) Pty Ltd (a)	293,946	274,346
London Wall Investments Pty Ltd (refer Note 17(d))	95,737	15,000
Noble Syndicate (b)	80,000	-
Centurion Securities and Investment Services Pty Ltd (c)	50,000	-
J T Phillips (refer Note 16 (f))	20,000	-
Bank overdraft	-	31,799
	950,722	461,136

		Consolidated	
		2010 $	2009 $
11.	**Financial liabilities (continued)**		
	Non current – secured		
	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. (2009 – 8% interest). This loan was originally repayable on 31 December 2007 and has been extended.

(b) Noble Syndicate

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

(c) 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.

(d) Financing arrangements

There are no unused lines of credit available for use by the Group at balance date.

		2010 $	2009 $
12.	**Provisions**		
	Current		
	Provision for holiday pay	-	40,171
	Non current		
	Provision for long leave entitlements	-	31,321
13.	**Issued Capital**		
	90,338,171 fully paid ordinary shares (2009 – 75,816,212)	7,357,286	6,921,628
		No.	**No.**
	Movements in number of issued shares:		
	At beginning of reporting period	75,816,212	72,749,545
	Issued during the year for cash	14,521,959	3,066,667
	At reporting date	90,338,171	75,816,212

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Information relating to the Vortex Pipes Employee Share Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 17(e).

		Consolidated	
		2010	2009
		$	$
14.	**Reserves**		
	Option Premium Reserve	121,374	121,374

The option premium reserve is used to record the value of options issued as share based payments provided to employees, including key management personnel and consultants, as part of remuneration.

		2010 $	2009 $
15.	**Loss per Share**		
	Weighted average number of shares used as denominator for basic and diluted loss per share calculations	88,348,862	74,555,938

16. Cash Flow Information

Reconciliation of cash flows from operations with loss from ordinary activities after income tax

	2010 $	2009 $
Loss from ordinary activities	(1,517,958)	(3,087,037)
Non-cash flows in loss		
Depreciation	204,851	261,546
Net loss on disposal of plant & equipment	9,514	17,756
Provision for doubtful debts	950	385,897
Amortisation of patent and technology rights and intangibles	-	130,049
Impairment of intangibles	-	1,007,636
Impairment of plant and equipment	-	135,220
Changes in assets and liabilities:		
(Increase)/decrease in current receivables	(27,109)	(103,753)
(Increase)/decrease in inventories	63,370	115,118
(Increase)/decrease in prepayments	91,864	-
Increase/(decrease) in provision for deferred tax	-	588,521
Increase /(decrease) in current payables	490,038	414,927
Increase/(decrease) in employee leave provisions	(71,492)	(3,669)
Net cash used in operating activities	(755,972)	(137,789)

17. Key management personnel

(a) Directors

The following persons were directors of Vortex Pipes Limited during the financial year:

MB Jenkins	Non-executive Chairman
TA Gosatti	Managing Director
JT Phillips	Non-executive Director
S Di Giacomo	Non-executive Director (appointed 11 January 2010)

Directors were in office for the entire financial year unless otherwise stated.

(b) Other key management personnel

The following person also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

R Cameron-Wilton - Chief Financial Officer/Company Secretary – employed by Vortex Pipes Limited (resigned 29 September 2009)

(c) Loans to key management personnel

No loans were made to directors or other key management personnel of the Company, including their personally related parties, during the year.

(d) Key management personnel compensation

	Consolidated	
	2010 $	2009 $
Short-term employee benefits	480,247	509,445
Post-employment benefits	3,119	34,653
Termination benefits	-	4,990
	483,366	549,088

(e) Equity instrument disclosures relating to key management personnel

No equity instruments were granted to key management personnel for the purposes of remuneration during the year.

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Vortex Pipes Limited, including their personally related parties, are set out below. No other key management personnel of the Group held options at any time during the year.

2010 Director	Balance at the start of the year	Issued during the year as compensation	Exercised during the year	Options lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
MB Jenkins	1,000,000	-	-	-	1,000,000	1,000,000
JT Phillips	-	-	-	-	-	-
TA Gosatti	400,000	-	-	400,000	-	-
S Di Giacomo	-	-	-	-	-	-

17. Key management personnel (continued)

Option holdings (continued)

2009 Director	Balance at the start of the year	Issued during the year as compensation	Exercised during the year	Options lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
MB Jenkins	1,000,000	-	-	-	1,000,000	1,000,000
JT Phillips	-	-	-	-	-	-
TA Gosatti	400,000	-	-	-	400,000	400,000
JK McDonald	300,000	-	-	-	300,000	300,000
AM Zuiderwyk	200,000	-	-	-	200,000	200,000

There were no ordinary shares issued during the financial year as a result of the exercise of options (2009: nil).

Share holdings

The number of ordinary shares in the Company held during the financial year by each director of the Company, including their personally related parties, is set out below. No other key management personnel of the Group held shares at any time during the year. There were no shares granted during the reporting period as compensation.

2010 Director	Balance at 30 June 2009	Acquired pursuant to rights issue	Balance at 30 June 2010
MB Jenkins	2,690,151	1,345,076	4,035,227
TA Gosatti	9,237,586	4,568,794	13,806,380
JT Phillips	1,066,667	533,334	1,600,001
S Di Giacomo	-	-	-

2009 Name	Balance at 30 June 2008	Changes during the year	Balance at 30 June 2009
Director			
M B Jenkins	2,690,151	-	2,690,151
T A Gosatti	6,170,919	3,066,667	9,237,586
J T Phillips	1,066,667	-	1,066,667
W J Land	236,365	(236,365)	-
A M Zuiderwyk	73,855	(73,855)	-
J K McDonald	763,636	(763,636)	-
Other key management personnel			
R Cameron-Wilton	-	-	-
G J Nairn	440,000	(440,000)	-
M B Morris	-	-	-

(f) Other transactions with key management personnel

Mr J T Phillips 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.

Mr M B Jenkins is a director of London Wall Investments Pty Ltd, a company which loaned Vortex $121,090 during the year (2009: $15,000). Refer to Note 18(d) for further details.

Mr T A Gosatti is a director of Gosatti Corporation Pty Ltd, a company which loaned Vortex $137,064 during the year (2009: Nil). Refer to Note 18(d) for further details.

Mr M B Jenkins is a director of Z-Filter Pty Ltd, a company which sub-leases premises to Vortex. Refer to Note 18(f) for further details.

18. Related Party Transactions

(a) Parent entity

The parent entity within the Group is Vortex Pipes Limited.

(b) Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1(d):

Name of entity	Country of incorporation	Class of shares	Equity holding 2010 %	Equity holding 2009 %
Premium Pipe Services Pty Ltd	Australia	Ordinary	100	100
QuickPipes Pty Ltd	Australia	Ordinary	80	80

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 17.

(d) Loans from related parties

During the year the Company received loans totalling $121,090 (2009: $15,000) 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, $95,737 remains owing to London Wall Pty Ltd.

During the year the Company received loans totalling $137,064 (2009: Nil) from Gosatti Corporation Pty Ltd, a company associated with Mr T A Gosatti. The amounts were unsecured, interest-free and of no fixed term. In August 2009, the loans were repaid in full by way of subscription monies for shares pursuant to a rights issue.

(e) Loans to controlled entities

Loans are made by the Parent Entity, Vortex Pipes Limited, to its subsidiaries for working capital purposes. The loans outstanding between the Parent Entity and its subsidiaries have no fixed date of repayment and are non-interest bearing.

Aggregate amounts receivable by the Parent Entity from the subsidiaries are as follows:

	2010 $	2009 $
Loans to subsidiaries	2,287,238	1,875,203
Provision for impairment	(2,287,238)	(1,875,203)
	-	-

No dividends were received from the subsidiaries in the 2010 or 2009 financial years.

(f) Other transactions with related parties

On 1 December 2009, Z-Filter Pty Ltd, a company associated with Mr M B Jenkins, assumed the lease of premises located at 150-152 Vulcan Road, Canning Vale, WA, from Vortex Pipes Ltd. At the same time, Z-Filter agreed to sub-lease a portion of the premises on a monthly basis to Vortex on a monthly basis. At balance date, a total of $25,494 was owed by Vortex to Z-Filter.

19. Contingent Liabilities

There are no contingent liabilities existing as at 30 June 2010.

20. Commitments

	Consolidated 2010 $	2009 $
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 the former lease were as follows:		
Within one year	-	140,122
Later than one year but not later than five years	-	70,061
	-	210,183

21. Financial Risk Management

(a) Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to controlled entities and hire purchase loans.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

Derivatives are used by the group, albeit sparingly, for hedging purposes and only include forward exchange contracts. The group does not speculate in the trading of derivative instruments. The group does not apply hedge accounting.

(i) Treasury Risk Management

A committee consisting of the chief executive officer and the chief financial officer meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of current economic conditions and forecasts.

The overall risk management strategy seeks to minimise potential adverse effects on financial performance. The committee operates under policies approved by the board of directors which are reviewed on a regular basis. These include the use of forward exchange contracts, credit risk policies and future cash requirements.

(ii) Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, was restricted to the rate of interest being earned on cash deposits and paid on the loan from Alinta Asset Management (2) Pty Ltd. The interest rate risk on call cash balances was 0% – 1.5% (2009 0 – 5.7%) and on the loan from Alinta Asset Management (2) Pty Ltd was 8.00%. All other financial assets and financial liabilities were non-interest bearing. The Group does not have a material exposure to interest rate fluctuations.

Foreign Currency Risk

The Group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than Australian Dollars. The Group enters into forward exchange contracts to buy specified amounts of foreign currencies in the future at stipulated exchange rates. The objective of these contracts is to protect the group against unfavourable exchange rate movements for contracted purchases undertaken in foreign currencies.

Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and closely controlling expenditure commitments. As the Group presently has no significant source of operating income, it is reliant on equity contributions and cooperation of creditors and lenders to continue as a going concern.

Credit Risk

The Company has adopted the policy of only dealing with counter parties it believes to be creditworthy as a means of mitigating the risk of financial loss from defaults. The Company makes adequate provisions where necessary.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for doubtful debts, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

21. Financial Risk Management (continued)

(b) Financial Instruments

Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, together with management's expectations of the settlement period for all other financial instruments.As such, the amounts may not reconcile to the statement of financial position.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing Within 1 Year		Fixed Interest Rate Maturing 1 to 5 Years		Non-interest Bearing Within 1 Year		Total	
Consolidated Group	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	%	%	$	$	$	$	$	$	$	$	$	$
Financial Assets												
Cash	1.5	3.9	10,292	10,948	-	-	-	-	-	-	10,292	10,948
Receivables	-	-	-	-	-	-	-	-	9,375	258,884	9,375	258,884
Total financial assets			10,292	10,948	-	-	-	-	9,375	258,884	19,667	269,832
Financial Liabilities												
Trade and sundry payables	19.5	18.75	22,916	16,677	-	-	-	-	1,330,042	1,009,931	1,412,958	1,026,608
Hire purchase liabilities	10.3	10.3	-	-	411,039	185,101	-	404,123	-	-	411,039	589,224
Other loans	8.0	8.0	-	-	293,946	274,346	-	-	245,737	15,000	539,683	289,346
Total financial liabilities			22,916	16,677	704,985	459,447	-	404,123	1,575,779	1,024,931	2,363,680	1,905,178

(c) Impairment losses

The Group has provided for impairment of receivables where appropriate (refer Note 7). The ageing of the Group's trade receivables at the reporting date was as follows:

	Consolidated 2010 $		Consolidated 2009 $
Not past due	9,375	*	15,813
Past due 0-30 days	-		28,468
Past due 31-120 days	-		-
Past due 121days to one year	-		-
	9,375		44,281

* The 2010 amount represents contract retentions which are due for release in March 2011.

(d) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

22. Standby Arrangements and Credit Facilities

The Company has no access to any credit standby arrangements.

23. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable in the circumstances. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Carrying value of Technology rights and capitalised patent expenditure

Tests are conducted annually by the Company to determine whether the carrying value of Technology rights and capitalised patent expenditure has suffered any impairment, in accordance with the accounting policy stated in notes 1(i) and 1(o). At 30 June 2009 the Group fully provided for the remaining carrying values of all intangible assets, owing to the significant uncertainty for future operations. No adjustment to those provisions was made at 30 June 2010.

24. Segment information

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.
The Group operates primarily in development of the ShieldLiner System technology. The financial information presented in the statement of comprehensive income and statement of financial position is the same as that presented to chief operating decision maker.

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

25. Share-based payments

The following share-based payment arrangements existed at 30 June 2010:

On 31 May 2008, 1,000,000 share options were issued to a service provider to take up ordinary shares at an exercise price of 20 cents each. The options are exercisable on or before 31 May 2011. The options hold no voting or dividend rights.

	Consolidated			
	2010		2009	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding at the beginning of the year	2,070,000	0.268	2,270,000	0.268
Granted	-	-	-	-
Forfeited	-	-	-	-
Expired	(1,070,000)	-	(200,000)	-
Cancelled	-	-	-	-
Outstanding and exercisable at year end	1,000,000	0.20	2,070,000	0.268

There were no options exercised during the year ended 30 June 2010 (2009 – nil).

All options outstanding at 30 June 2010 are exercisable at $0.20 each and have a weighted average remaining contractual life of eleven months.

26. Parent entity disclosures

Financial Position

	Note	30 June 2010 $	30 June 2009 $
Current Assets			
Cash and cash equivalents		12,355	10,944
Trade and other receivables		256,250	302,241
Total Current Assets		268,605	313,185
Non Current Assets			
Trade and other receivables	(a)	-	-
Plant and equipment		21,809	27,748
Other financial assets	(b)	-	-
Deferred tax assets		-	-
Total Non Current Assets		21,809	27,748
Total Assets		290,414	340,933
Current Liabilities			
Trade and other payables		808,556	521,566
Financial liabilities		245,737	-
Short term provisions		-	26,651
Total Current Liabilities		1,054,293	548,217
Non-Current Liabilities			
Long term provisions		-	21,250
Deferred tax liabilities		-	-
Total Non-Current Liabilities		-	21,250
Total Liabilities		1,054,293	569,467
Net (Deficiency)/Assets		**(763,879)**	**(228,534)**
Equity			
Issued capital		7,357,286	6,921,628
Reserves		121,374	121,374
Accumulated losses		(8,242,539)	(7,271,536)
Total Equity/(Deficiency)		**(763,879)**	**(228,534)**

Note (a)

Loan to controlled entities	2,286,468	1,875,203
Provision for non-recovery of loan	(2,286,468)	(1,875,203)
	-	-

The loans to the controlled entities are unsecured, interest-free and of no fixed term. The ultimate recoupment of the loans is dependent upon successful commercial operations, or alternatively, sale of respective technologies.

Note (b)

Investments in controlled entities	1,162,370	1,162,370
Provision for impairment	(1,162,370)	(1,162,370)
	-	-

Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding 2010 %**	**2009 %**
Premium Pipe Services Pty Ltd	Australia	Ordinary	100	100
QuickPipes Pty Ltd	Australia	Ordinary	80	80

27. Subsequent Events

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.

Subsequent to that transaction, the Company has signed a Binding Term Sheet with an undisclosed party regarding a potential recapitalisation and injection of new funds. The agreement has a number of conditions precedents to be met before being completed. This potential transaction will settle previous liabilities and provide the pathway for the Company to exploit its existing Shieldliner asset and to look at further opportunities.

In relation to amounts owing to Alinta Asset Management at 30 June 2010 of $293,946 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).

28. New accounting standards and interpretations for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Company's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Company has not yet determined the potential effect of the standard.
- AASB 124 *Related Party Disclosures (revised December 2009)* simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for Company's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvement Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-8 *Amendments to Australian Accounting Standards - Group Cash settled Share-based Payment Transactions* resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence these two Interpretations are superseded by the amendments. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-10 *Amendments to Australian Accounting Standards - Classification of Rights Issue [AASB 132] (October 2010)* clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Company's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-14 *Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement* - AASB 14 make amendments to Interpretation 14 AASB 119 - *The Limit on a Defined Benefit Asset Minimum Funding Requirements* removing an unintended consequence arising from the treatment of the prepayments of future contributions in some circumstances when there is a minimum funding requirement. The amendments will become mandatory for the Company's 30 June 2012 financial statements, with retrospective application required. The amendments are not expected to have any impact on the financial statements.
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Company's 30 June 2011 financial statements, with retrospective application required. The Company has not yet determined the potential effect of the Interpretation.

VORTEX PIPES LIMITED
ABN 80 096 870 978

AUSTRALIAN STOCK EXCHANGE LIMITED ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is detailed below. All information relating to shareholders is reflected as at 8 September 2011.

Number of Holders of Equity Securities

103,888,901 fully paid ordinary shares are held by 617 individual shareholders.

All issued ordinary shares carry one vote per share and the right to dividends.

167 shareholders holding a total of 1,209,487 shares held less than marketable parcels (based on the last ASX trading price of $0.042).

There are presently no unlisted options outstanding.

Distribution of Holders of Equity Securities

Holders of Fully Paid Ordinary Shares

	Number of Shareholders	Number of Fully Paid Ordinary Shares	Percentage of Issued Capital
1 - 1,000	7	457	-
1,001 - 5,000	30	103,434	0.10%
5,001 - 10,000	123	1,028,036	0.99%
10,001 - 100,000	340	13,695,841	13.18%
100,001 and over	118	89,061,133	85.73%
	615	103,888,901	100.00%

Substantial Shareholders

Name	Number of Fully Paid Ordinary Shares	Percentage of issued Capital
Golden Rivers Mining Pty Ltd	14,356,686	13.82
Gosatti Corporation Pty Ltd	11,710,276	11.26
	26,066,962	25.08%

Restricted Securities

There are no restricted securities.

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AUSTRALIAN STOCK EXCHANGE LIMITED ADDITIONAL INFORMATION

20 Largest Holders of Fully Paid Ordinary Shares (merged)

Name	Number of Fully Paid Ordinary Shares	Percentage of issued Capital
Golden Rivers Mining Pty Ltd	14,356,686	13.82
Gosatti Corporation Pty Ltd <Renaissance A/C>	4,960,001	4.77
Gosatti Corporation Pty Ltd <Renaissance A/C>	4,949,735	4.76
CS Fourth Nominees Pty Ltd	3,350,000	3.22
London Wall Investments Pty Ltd <Jenkins Family Fund>	3,295,454	3.17
Bayonet Investments Pty Ltd <Southpoint A/C>	3,000,000	2.89
Thomas Francis Corr	3,000,000	2.89
Perizia Investments Pty Ltd	2,762,280	2.66
Bluerise Holdings PTY LTD <Bluerise A/C>	2,550,730	2.46
Venus Anetac Pty Ltd <RGC Family A/C>	2,500,000	2.41
Mount Street Investments Pty Ltd <MJ Blake S/F A/C>	2,500,000	2.41
Gosatti Corporation Pty Ltd	1,800,540	1.73
Nicholas Michael Noble	1,785,162	1.72
Gerald Wells	1,653,959	1.59
Sumajo Nominees Pty Ltd <J Phillips Family Sett>	1,600,001	1.54
Mercury Anetac Cap Pty Ltd	1,501,590	1.45
S & H Piviali <Piviali Investment A/C>	1,500,000	1.44
Chartag Pty Ltd	1,396,104	1.34
PA & NT Porter <Porter Family A/C>	936,667	0.90
Adriano Piviali	936,111	0.90
	60,335,020	58.07%