Vortex Pipes Limited
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19th December 2011

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

ASX Announcement
Annual Report for the Year Ended June 2011

Please find attached the Company's Annual Report for the year ended 30 June 2011.

Yours sincerely

Trevor Gosatti
Managing Director

ANNUAL REPORT 2011

Vortex Pipes Limited

ACN 096 870 978

VORTEX PIPES LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

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

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Telephone:	08 9302 5151
Facsimile:	08 9302 5076
Email:	trevor.gosatti@vortexpipes.com
Website:	www.vortexpipes.com

Auditors

Crowe Horwath Perth
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 2011 was again, an extremely tough period for Vortex Pipes Limited, but closed on a positive note with a view to the future.

The Company did not make progress with its technology and operations, as it continued to be constrained due to working capital limitations. The Company's securities have continued to be suspended from quotation on ASX since September 2009. Vortex effectively ceased contracting operations in December 2009, with no staff remaining. The Directors of the Company have been focussed on continuing to reduce liabilities and seeking new capital.

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 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 signed a Binding Term Sheet with Carmichael Corporate Pty Ltd. 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.

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

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

Funds raised pursuant to the placement will be used to:

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

In addition, Loan Notes to the value of $100,000 would be issued to Directors and other parties to settle existing debts.

Full details of the transaction were outlined in the announcement and subsequent Meeting Notices.

Completion of this transaction allows the Company to return to an operational status and to seek having its suspension on ASX lifted in the near future. It retains the principle asset in the Shieldliner technology for future potential opportunities. The Company will also look at other potential opportunities.

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 2011 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

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) the sale of assets 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 the recapitalisation of the Company as announced 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

Experience and expertise
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

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.

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: 8		No. held: 0		No. held: 0	
Director	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
MB Jenkins	8	8	-	-	-	-
TA Gosatti	8	8	-	-	-	-
JT Phillips	8	8	-	-	-	-
S Di Giacomo	8	8	-	-	-	-

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 9th September 2011, the Company announced a Notice of Meeting for shareholders to approve various resolutions (amongst other items) pertaining to the Carmichael Corporate transaction announced on 1 July 2011.

The meeting was held on the 10th October 2011 and all resolutions were carried with the results of the meeting announced on the 11th October 2011. The securities pertaining to the Carmichael Corporate transaction have been allotted and issued.

This transaction will 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
26 October 2011	26 October 2015	$0.00125 cents	1,000,000,000

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 2011 financial year (2010: 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
16 December 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. Where fees are paid to a nominated entity amounts are inclusive of superannuation allowances.

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 cash payments of non-executive director fees were made during the financial year. Refer to Note 1 on Remuneration table.

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.

	Short-term benefits		Post-employment benefits	Termination benefits	Share-based payments	
Name	**Salary and fees**	**Non-monetary benefits**	**Superannuation**		**Options**	**Total**
2011						
Non-executive directors						
MB Jenkins	40,000	-	-	-	-	40,000
JT Phillips	20,000	-	-	-	-	20,000
S Di Giacomo	23,334	-	-	-	-	23,334
Executive directors						
TA Gosatti	200,000	-		-	-	200,000
Totals 2011	**283,334**	**-**	**-**	**-**	**-**	**283,334**
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**

Notes to remuneration table:

1. All non-executive director fees have been accrued only and remain unpaid. It is proposed that amounts will be paid via the issue of Directors Loan Notes subject to shareholder approval as full and final settlement under agreements made with Carmichael Corporate.

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:

TA Gosatti –Managing Director

- Term of agreement – on-going commencing 1 January 2007.
- Base salary, inclusive of superannuation, for the year ending 30 June 2011 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 (2010: nil).

Additional information

There is no additional information that is required to be disclosed in respect of the year ended 30 June 2011.

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 2011, 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

CROWE HORWATH PERTH

CYRUS PATELL
Partner

Signed at Perth, 16th December 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 AUDITOR'S REPORT

Report on the Financial Report

We have audited the accompanying financial report of Vortex Pipes Limited and its Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information 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 of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

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

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

Crowe Horwath™

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 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report for Vortex Pipes Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

Crowe Horwath Perth

CROWE HORWATH PERTH

CYRUS PATELL
Partner

Signed at Perth, 16th December 2011

VORTEX PIPES LIMITED

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 June 2011

The Directors of the Company declare that:

1. the financial statements and notes set out on pages 16 to 42, 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 Group's financial position as at 30 June 2011 and its 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 those individuals undertaking the role of Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2011.

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

MB Jenkins
Director

TA Gosatti
Director

Perth
16 December 2011

VORTEX PIPES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
Revenue	2	32,938	227,592
Other income	2	1,105,531	91,105
Cost of sales of goods		(11,137)	(130,460)
Change in inventories of materials and work in progress		-	(63,370)
Research and development costs, materials and consultants		(401)	(39,800)
Core technology, patent costs and intangibles amortisation		(2,106)	(14,894)
Directors' fees, salaries, superannuation and consulting costs		(283,334)	(423,319)
Staff wages, salaries and superannuation		-	(448,111)
Depreciation expense		(56,888)	(204,851)
Public company costs, fees, share registry, shareholder costs		(300,189)	(72,832)
Occupancy costs		(37,433)	(99,944)
Legal fees		(35,751)	(18,302)
Audit fees		(35,291)	(28,163)
Insurances		(37,586)	(87,832)
Interest expense		(93,849)	(85,077)
Loss on disposal of non-current assets		-	(9,514)
Provision for doubtful debts		-	(3,034)
Other expenses from ordinary activities		(24,105)	(107,152)
		187,461	(1,836,655)
Profit/(loss) before income tax		220,399	(1,517,958)
Income tax (expense)/benefit	4	-	-
Net profit/(loss) for the year		220,399	(1,517,958)
Other comprehensive income for the year		-	-
Total comprehensive profit/(loss) for the year		220,399	(1,517,958)
Profit/(loss) attributable to minority equity interest		-	-
Profit/(loss) attributable to members of the parent entity	3	220,399	(1,517,958)
Basic earnings/(loss) per share (cents per share)	13	0.0024	(0.0172)
Diluted earnings/(loss) per share (cents per share)	13	0.0024	(0.0172)

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

VORTEX PIPES LIMITED

STATEMENT OF FINANCIAL POSITION
as at 30 June 2011

	Note	Consolidated 2011 $	2010 $
Current Assets			
Cash and cash equivalents	5	649,412	10,292
Trade and other receivables	6	14,558	9,376
Assets classified as held for sale	7	-	436,766
Total Current Assets		663,970	456,434
Non-Current Assets			
Plant and equipment	7	137,682	211,929
Intangible assets	8	-	-
Total Non-Current Assets		137,682	211,929
Total Assets		801,652	668,363
Current Liabilities			
Trade and other payables	9	457,367	1,412,958
Financial liabilities	10	1,805,652	950,722
Total Current Liabilities		2,263,019	2,363,680
Total Liabilities		2,263,019	2,363,680
Net Liabilities		(1,461,367)	(1,695,317)
Equity			
Issued capital	11	7,492,211	7,357,286
Option Premium Reserve	12	-	121,374
Accumulated Losses		(8,953,578)	(9,173,977)
Total Equity/(Deficiency)		(1,461,367)	(1,695,317)

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 2011

	Share Capital $	Option Premium Reserve $	Accumulated Losses $	Total $
Consolidated				
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)
Shares issued – 13,550,730 shares at 0.001 cents	13,551	-	-	13,551
Profit attributable to members of the Company	-	-	220,399	220,399
Transfer to Share Capital upon option expiry	121,374	(121,374)	-	-
Balance at 30 June 2011	7,492,211	-	(8,953,578)	(1,461,367)

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 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
Cash Flows from Operating Activities			
Receipts from customers		32,938	265,770
Payments to suppliers and employees		(1,042,514)	(1,170,432)
R&D tax concession refunds received		-	189,809
Interest received		236	970
Interest paid		(86,205)	(42,089)
Net cash used in operating activities	14	(1,095,545)	(755,972)
Cash Flows from Investing Activities			
Purchase of plant and equipment		-	(4,773)
Proceeds on disposal of plant and equipment		535,206	79,449
Net cash provided by investing activities		535,206	74,676
Cash Flows from Financing Activities			
Proceeds from issues of shares		13,551	435,659
Loans from related parties		-	115,737
Proceeds from borrowings		1,650,000	267,132
Repayment of loans		(464,092)	(137,888)
Net cash provided by financing activities		1,199,459	680,640
Net Increase/ (Decrease) In Cash Held		639,120	(656)
Cash at the beginning of the period		10,292	10,948
Cash at the end of the period	5	649,412	10,292

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 2011 comprises the Company and its subsidiaries (together referred to as the "consolidated entity" or the "Group").

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 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 2011 reflects a net asset deficiency of $1,461,367 and an operating profit of $220,399 before tax for the year ended 30 June 2011. 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.

Since 30 June 2011 the Group has been able to substantially extinguish 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.

On 10 October 2011, Shareholders approved the conversion of the Carmichael Corporate Pty Ltd convertible notes into fully paid ordinary shares and options of the Company. The shares and options were issued and allotted on 27 October 2011. At 30 June 2011, these notes were carried in the financial statements at $1.65M. Director loan notes of $100,000 as at 30 June 2011 were approved by the Shareholders and were issued and allotted into the equivalent amount of fully paid ordinary shares in the Company.

In addition, amounts outstanding at 30 June 201 of $235,331 to creditors were forgiven via Deeds of Release post year end.

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 2011 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:

Depreciation Rate
- Plant and equipment – 5% - 60%
- Motor vehicles – 20% - 25%
- Furniture, fittings and office equipment – 25% - 40%

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) 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.

i) 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.

j) 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.

1.Statement of Significant Accounting Policies (continued)

k) 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.

l) 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.

m) 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.

n) 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.

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.

1. Statement of Significant Accounting Policies (continued)

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.

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. Diluted earnings per share is calculated by adjusting profit or loss attributable to ordinary equity holders of the parent entity, and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares.

		Consolidated 2011 $	Consolidated 2010 $
2.	**Revenue**		
	Operating Activities		
	Sales	32,938	227,592
	Other Income		
	Interest received	237	969
	Government grants received	-	65,409
	Debt Forgiveness (i)	879,213	-
	Profit on Sale of Assets	180,919	
	Other	45,162	24,727
	Total Revenue	1,138,469	318,697

(i) The Company entered in to agreements with a majority of its creditors (including Directors and Director related entities) with respect to the full and final settlement of outstanding liabilities. During the year ended 30 June 2011, amounts of $879,213 were forgiven by these various parties as a consequence of these agreements. Accordingly, this amount has been recognised as Other Income during the financial year.

3.	**Loss from ordinary activities before income tax expense has been determined after:**		
	Expenses		
	Research and development expenditure	401	256,250
	Impairment of intangible assets	-	-
	Impairment of plant and equipment	-	-
	Remuneration of auditors of the Company		
	- Auditing the financial statements	35291	28,163
	- Other services	-	-
	Operating lease – minimum lease payments	55,197	87,842
	Increase/(decrease) in employee provisions	-	(71,492)

4.	**Income Tax**		
	(a) Income tax expense	-	-
	(b) Numerical reconciliation between tax expense and pre-tax net profit		
	Profit/(Loss) before income tax expense	220,399	(1,517,958)
	Income tax expense calculated at 30% of operating profit/(loss)	(66,120)	455,388
	Tax effect of amounts which are not tax deductible	11,894	(90,273)
	Other deductible items	23,685	18,723
	Utilisation of prior year tax losses	30,541	-
	Future income tax benefit attributable to losses not brought to account	-	(383,838)
	Income tax expense	-	-

4. Income Tax (continued)

(c) Tax Losses

There are unused tax losses of approximately $4.9 million (2010: $4.5 million) for which no deferred tax asset has been recognised as the future recovery of those losses is subject to the Group satisfying the requirements imposed by the regulatory taxation authorities. The benefit of deferred tax assets not brought to account will only be brought to account if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- The conditions for deductibility imposed by tax legislation continue to be complied with; and no changes in tax legislation adversely affect the Company in realising the benefit.

	Consolidated	
	2011	2010
	$	$
(d) Unrecognised temporary differences		
Net deferred tax assets (calculated at 30% (2010:30%)) have not been recognised in respect of the following items:		
Provisions	34,631	222,227
Capital raising costs	29,709	23,270
Other depreciable costs	61	61
Unrecognisable deferred tax assets relating to the above temporary differences	64,401	245,558

5 Cash and cash equivalents

Cash at bank	649,412	10,292

6. Trade and other receivables

Current		
Trade debtors	396,223	396,223
Provision for impairment of receivables (note (a))	(386,847)	(386,847)
	9,376	9,376
Sundry debtors and prepayments	5,182	-
	14,558	9,376

(a) Impaired trade receivables

As at 30 June 2011 current trade receivables of the Group with a value of $386,847 (2010: $386,847) were impaired. The amount of the provision was $386,847 (2010: $386,847). 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.

	Consolidated 2011 $	Consolidated 2011 $
7. Plant and Equipment		
Plant and equipment at cost	338,791	423,858
Accumulated depreciation and impairment	(325,239)	(378,371)
	13,552	45,487
Motor vehicles at cost	238,374	277,894
Accumulated depreciation	(121,550)	(123,488)
	116,824	154,406
Office equipment at cost	63,883	63,883
Accumulated depreciation	(60,166)	(57,531)
	3,717	6,352
Office furniture at cost	16,803	21,833
Accumulated depreciation	(13,214)	(16,149)
	3,589	5,684
	137,682	**211,929**

Movement in Carrying Amounts:

	Plant & Equipment $	Motor Vehicles $	Office Furniture $	Office Equipment $	Total $
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
Additions	-	-	-	-	-
Disposals	(9,910)	(6,927)	(523)	-	(17,360)
Depreciation expense	(22,025)	(30,655)	(1,572)	(2,635)	(56,888)
Carrying amount at 30 June 2011	13,552	116,824	3,589	3,717	137,682

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

	Consolidated 2011 $	Consolidated 2010 $
8. Intangible Assets		
Technology rights at cost	-	500,000
Capitalised patent expenditure at cost	-	548,022
Accumulated amortisation – technology rights and capitalised patent expenditure	-	(425,759)
Amount written off - technology rights and capitalised patent expenditure	-	(622,263)
Licence and know-how at cost	-	360,100
Accumulated amortisation – licence	-	(100,000)
Amount written off	-	(260,100)
Goodwill at cost	-	125,273
Amount written off	-	(125,273)
	-	-
9. Trade and other payables		
Current		
Unsecured trade creditors	89,424	386,872
Sundry creditors and accruals	367,943	966,086
Prepaid Income	-	60,000
	457,367	1,412,958
10. Financial liabilities		
Current – secured		
Hire purchase loans – due within one year	55,197	411,039
Current – unsecured		
Alinta Asset Management (2) Pty Ltd (a)	-	293,946
London Wall Investments Pty Ltd (refer Note 16(d))	455	95,737
Noble Syndicate (b)	-	80,000
Centurion Securities and Investment Services Pty Ltd (c)	-	50,000
J T Phillips (refer Note 15 (f))	-	20,000
Carmichael Corporate Pty Ltd (d)	1,650,000	-
Directors Loan Notes (d)	100,000	-
	1,805,652	950,722

(a) Alinta Asset Management (2) Pty Ltd

This loan has been settled.

(b) Noble Syndicate

This loan has been settled.

(c) Centurion Securities and Investment Services Pty Ltd

This matter is settled.

(d) Carmichael Corporate Pty Ltd & Directors Loan Notes

The amounts represent funds received pursuant to an agreement with Carmichael Corporate for the issue of securities and convertible loan notes. Conversion of the convertible loan notes to securities was subjected to share holder approval, which was obtained at the Annual

General Meeting of shareholders on 10 October 2011. Refer to Note 26.

(e) Financing arrangements

There are no unused lines of credit available for use by the Group at end of the reporting period.

	Consolidated	
	2011	**2010**
	$	**$**
11. Issued Capital		
103,888,901 fully paid ordinary shares (2010 – 90,338,171)	7,492,211	7,357,286
	No.	**No.**
Movements in number of issued shares:		
At beginning of reporting period	90,338,171	75,816,212
Issued during the year for cash	13,550,730	14,521,959
At reporting date	103,888,901	90,338,171

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 15(e).

12. Reserves		
Option Reserve	121,374	121,374
Transfer to Issued Capital on expiry of option	(121,374)	-
	-	121,374

The option 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.

13. Loss per Share		
Weighted average number of shares used as denominator for basic and diluted earnings/(loss) per share calculations	90,375,296	88,348,862

	Consolidated 2011 $	Consolidated 2010 $
14. Cash Flow Information		
Reconciliation of cash flows from operations with loss from ordinary activities after income tax		
Profit/(Loss) from ordinary activities	220,399	(1,517,958)
Non-cash flows in loss		
Depreciation	56,888	204,851
Net (gain)/loss on disposal of plant & equipment	(226,080)	9,514
Provision for doubtful debts	-	950
Forgiveness of debt	(879,214)	-
Changes in assets and liabilities:		
(Increase)/decrease in current receivables	-	(27,109)
(Increase)/decrease in inventories	-	63,370
(Increase)/decrease in prepayments	(5,183)	91,864
Increase /(decrease) in current payables	(262,355)	490,038
Increase/(decrease) in employee leave provisions	-	(71,492)
Net cash used in operating activities	(1,095,545)	(755,972)

15. 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

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

(b) Other key management personnel

No other persons had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year.

(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

Remuneration paid or payable to Key Management Personnel is detailed in the Remuneration Report. Summarised remuneration to key management personnel is as follows:

	Consolidated	
	2011	2010
	$	$
Short-term employee benefits	283,334	480,247
Post-employment benefits	-	3,119
Termination benefits	-	-
	283,334	483,366

(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.

2011 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	-	-
JT Phillips	-	-	-	-	-	-
TA Gosatti	-	-	-	-	-	-
S Di Giacomo	-	-	-	-	-	-

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	-	-	-	-	-	-

There were no ordinary shares issued during the financial year as a result of the exercise of options (2010: nil).

15. Key management personnel (continued)

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.

2011 Director	Balance at 30 June 2010	Changes during the year	Balance at 30 June 2011
MB Jenkins	4,035,227	-	4,035,227
TA Gosatti	13,806,380	-	13,806,380
JT Phillips	1,600,001	-	1,600,001
S Di Giacomo	-	-	-

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	-	-	-

(f) Other transactions with key management personnel

Mr J T Phillips loaned the Company $20,000 in October 2009. The loan was settled pursuant to an agreement to issue convertible loan notes subjected to shareholder approval.

Mr M B Jenkins is a director of London Wall Investments Pty Ltd, a company which loaned Vortex $121,090 during the previous year. The balance outstanding at June 30 2010 was settled pursuant to an agreement to issue convertible loan notes subjected to shareholders approval. Refer to Note 16(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 previous year. The loan was settled pursuant to an agreement to issue convertible loan notes subjected to shareholders approval.

Mr M B Jenkins is a director of Z-Filter Pty Ltd, a company which sub-leases premises to Vortex. Refer to Note 16(f) for further details.

16. 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**	
			2011	**2010**
			%	**%**
Premium Pipe Services Pty Ltd	Australia	Ordinary	100	100
QuickPipes Pty Ltd	Australia	Ordinary	-	80

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 15.

(d) Loans from related parties

During the year the Company settled loans totalling $95,737 from London Wall Pty Ltd, a company associated with Mr M B Jenkins. The loan was settled pursuant to an agreement to issue convertible loan notes subjected to shareholders approval. At the end of the reporting period, $454.79 remains owing to London Wall Pty Ltd.

(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:

	2011 $	2010 $
Loans to subsidiaries	2,456,546	2,287,238
Provision for impairment	(2,456,546)	(2,287,238)
	-	-

No dividends were received from the subsidiaries in the 2011 or 2010 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 the end of reporting period, a total of $4,087.00 was owed by Vortex to Z-Filter.

During the year the consolidated group disposed of its Quickpipes division, thereby discontinuing its operations in this business segment. The sale of the dormant entity was made to a Director, M Jenkins, for $85,000. As the entity did not have any assets, the consolidated group recorded a profit of this amount. The sale value was satisfied through settlement of a portion of fees owed to Mr Jenkins.

17. Contingent Liabilities

There are no contingent liabilities existing as at 30 June 2011.

18. Commitments

The Company rented premises on a monthly basis throughout the year and has no remaining lease commitments. (2010:nil)

19. Financial Risk Management

(a) Financial Risk Management Policies

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

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

(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 prior to this being settled. The interest rate risk on call cash balances was 0% – 1.5% (2010 0 – 1.5%) 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.

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.

19. 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	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	%	%	$	$	$	$	$	$	$	$	$	$
Financial Assets												
Cash	0.9	1.5	649,412	10,292	-	-	-	-		-	649,412	10,292
Receivables	-	-	-	-	-	-	-	-	14,558	9,375	14,558	9,375
Total financial assets			649,412	10,292	-	-	-	-	14,558	9,375	663,970	19,667
Financial Liabilities												
Trade and sundry payables	-	19.5	-	22,916	-	-	-	-	457,367	1,330,042	457,367	1,412,958
Hire purchase liabilities	10.3	10.3	-	-	55,197	411,039	-	-	-	-	55,197	411,039
Other loans		8.0	-	-	1,750,455	293,946	-	-		245,737	1,750,455	539,683
Total financial liabilities				22,916	1,805,652	704,985	-	-	457,367	1,575,779	2,263,019	2,363,680

(c) Impairment losses

The Group has provided for impairment of receivables where appropriate (refer Note 6). The ageing of the Group's trade receivables at the reporting date was as follows:

	Consolidated 2011 $		Consolidated 2010 $
Not past due	9,375	*	9,375
Past due 0-30 days	-		-
Past due 31-120 days	-		-
Past due 121days to one year	-		-
	9,375		9,375

* The amount represents contract retentions which are due for release in August 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.

20. Standby Arrangements and Credit Facilities

The Company has no access to any credit standby arrangements.

21. 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 and 30 June 2011.

22. 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.

23. Share-based payments

No share-based payment arrangements existed at 30 June 2011.

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 were exercisable on or before 31 May 2011 and lapsed on that date.

	Consolidated			
	2011		2010	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding at the beginning of the year	1,000,000	0.20	2,070,000	0.268
Granted	-	-	-	-
Forfeited	-	-	-	-
Expired	(1,000,000)	(0.20)	(1,070,000)	-
Cancelled	-	-	-	-
Outstanding and exercisable at year end	-	-	1,000,000	0.20

There were no options exercised during the year ended 30 June 2011 (2010 – nil).

There are no options outstanding at 30 June 2011.

24. Parent entity disclosures

Financial Position

	Note	30 June 2011 $	30 June 2010 $
Current Assets			
Cash and cash equivalents		646,061	12,355
Trade and other receivables		3,725	256,250
Total Current Assets		649,786	268,605
Non Current Assets			
Trade and other receivables	(a)	-	-
Plant and equipment		4,185	21,809
Other financial assets	(b)	-	-
Deferred tax assets		-	-
Total Non Current Assets		4,185	21,809
Total Assets		653,971	290,414
Current Liabilities			
Trade and other payables		159,582	808,556
Financial liabilities		1,750,455	245,737
Total Current Liabilities		1,910,037	1,054,293
Non-Current Liabilities			
Long term provisions		-	-
Deferred tax liabilities		-	-
Total Non-Current Liabilities		-	-
Total Liabilities		1,910,037	1,054,293
Net (Deficiency)/Assets		**(1,256,066)**	**(763,879)**
Equity			
Issued capital		7,492,211	7,357,286
Reserves		-	121,374
Accumulated losses		(8,748,457)	(8,242,539)
Total Equity/(Deficiency)		**(1,256,066)**	**(763,879)**

Note (a)

Loan to controlled entities	2,456,546	2,286,468
Provision for non-recovery of loan	(2,456,546)	(2,286,468)
	-	-

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	1,162,362	1,162,370
Provision for impairment	(1,162,362)	(1,162,370)
	-	-

Name of entity	Country of incorporation	Class of shares	Equity holding 2011 %	Equity holding 2010 %
Premium Pipe Services Pty Ltd	Australia	Ordinary	100	100
QuickPipes Pty Ltd	Australia	Ordinary	-	80

25. Discontinued Operations

During the year the consolidated group disposed of its Quickpipes division, thereby discontinuing its operations in this business segment.

The sale of the dormant entity was made to a Director, M Jenkins, for $85,000. As the entity did not have any assets, the consolidated group recorded a profit of this amount. The sale value was satisfied through settlement of a portion of fees owed to Mr Jenkins.

Financial information relating to the discontinued operation to the date of disposal is set out below.

The financial performance of the discontinued operation to the date of sale, is as follows:

	Consolidated	
	2011 $000	2010 $000
Revenue	-	-
Expenses	-	(7)
Profit/(loss) before income tax	-	(7)
Income tax expense	-	-
Profit/(loss) attributable to members of the parent entity	-	(7)
Profit on sale before income tax	85	-
Income tax expense	-	-
Profit (loss) on sale after income tax	85	-
Total profit/(loss) after tax attributable to the discontinued operation	85	(7)

The net cash flows of the discontinued division, which have been incorporated into the statement of cash flows, are as follows:

Net cash inflow/(outflow) from operating activities	-	(7)
Net cash inflow from investing activities	-	-
Net cash (outflow)/inflow from financing activities	-	-
Net cash increase in cash generated by the discontinued division	-	(7)

Gain on disposal of the division included in gain from discontinued operations per the statement of comprehensive income.

26. Events after the Reporting Period

On 9th September 2011, the Company announced a Notice of Meeting for shareholders to approve various resolutions (amongst other items) pertaining to the Carmichael Corporate transaction announced on 1 July 2011.

The meeting was held on the 10th October 2011 and all resolutions were carried with the results of the meeting announced on the 11th October 2011. As a result of the resolutions passed at the meeting, the loan notes issued under the agreement with Carmichael Corporate Pty Ltd totalling $1.65m were converted into fully paid ordinary shares (1,550,000,000 @ $0.001) and options (1,000,000,000 @ $0.0001) of the Company. In addition to this, shareholder approval was also obtained for the conversion of the Directors loan notes outstanding at 30 June 2011 of $100,000 into fully paid ordinary shares of the Company at the deemed issue price of $0.001 per share. In all, this has resulted in an additional issue of 1,650,000,000 shares and 1,000,000,000 options being issued subsequent to year end.

Given the above change in ownership structure of the Company post year end, it is uncertain at this stage whether the unused tax losses disclosed at Note 4(c) will be available to the Company, in their entirety, in future reporting periods. The Company has yet to undertake such an assessment, but will do so during the 2011/12 financial year.

27. New Accounting Standards 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 and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

– AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

  This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
  - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

– AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Group.

– AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

  AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

  - Tier 1: Australian Accounting Standards; and
  - Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

  Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

  The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

– AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

– AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Group.

– AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

– AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

– AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

  This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

  This Standard is not expected to impact the Group.

– AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

  This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

  As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

– AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes.

  The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

  The amendments are not expected to impact the Group.

– AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

  This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

  The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

  Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

  This Standard is not expected to impact the Group.

– AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

This Standard is not expected to impact the Group.

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 14 November 2011.

Number of Holders of Equity Securities

1,753,888,901 fully paid ordinary shares are held by 641 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).

1,000,000,000 unlisted options are held by 11 individual option holders. The options have an exercise price of $0.00125 cents per option and an expiry date of 26 October 2015. The options do not have any voting rights or rights to dividends.

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	0.00%
1,001 - 5,000	30	103,434	0.01%
5,001 - 10,000	123	1,028,036	0.06%
10,001 - 100,000	339	13,635,841	0.78%
100,001 and over	142	1,739,121,133	99.16%
	641	1,753,888,901	100.00%

Holders of Options

	Number of Option Holders	Number of Options	Percentage of Options on Issue
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and over	11	1,000,000,000	100.00%
	11	1,000,000,000	100.00%

Substantial Shareholders

Name	Number of Fully Paid Ordinary Shares	Percentage of issued Capital
Mount St Inv Pty Ltd<MJ Blake S/F A/C>	202,500,000	11.55
Ouro Pty Ltd	200,000,000	11.40
Ruck Pty Ltd	200,000,000	11.40
Venus Anetac Pty Ltd<RGC Family A/C>	104,001,590	7.29
Mikado Corporation Pty Ltd<JFC S/F A/C>	100,000,000	5.70
Nefco Nominees Pty Ltd	100,000,000	5.70
Peninsula Investments Pty Ltd	100,000,000	5.70
	1,006,501,590	58.69%

VORTEX PIPES LIMITED
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AUSTRALIAN STOCK EXCHANGE LIMITED ADDITIONAL INFORMATION

Restricted Securities

There are no restricted securities.

20 Largest Holders of Fully Paid Ordinary Shares (merged)

Name	Number of Fully Paid Ordinary Shares	Percentage of issued Capital
Mount St Investments Pty Ltd<MJ Blake S/F A/C>	202,500,000	11.55
Ouro Pty Ltd	200,000,000	11.40
Ruck Pty Ltd	200,000,000	11.40
Venus Anetac Pty Ltd<RGC Family A/C>	102,500,000	5.84
Mikado Corporation Pty Ltd<JFC S/F A/C>	100,000,000	5.70
Nefco Nominees Pty Ltd	100,000,000	5.70
Peninsula Investments Pty Ltd	100,000,000	5.70
London Wall Investments Pty Ltd<Jenkins Family A/C>	84,033,184	4.79
Bayonet Investments Pty Ltd<Southpoint A/C>	83,000,000	4.73
ACP Investments Pty Ltd	80,000,000	4.56
Walker MD	75,000,000	4.28
Sharbanee PG<Scorpion Fund A/C>	50,000,000	2.85
Must Properties Pty Ltd	40,000,000	2.28
Chartag Pty Ltd	33,220,664	1.89
Corr T F	30,000,000	1.71
Sabreline Pty Ltd<JPR Inv A/C>	25,000,000	1.43
Aust Trade Access Pty Ltd	23,000,000	1.31
Gosatti L & M<Miluc S/F A/C>	20,060,000	1.14
Fennell GJ & CA<Gemica S/F A/C>	20,000,000	1.14
Northerly Investments Pty Ltd	20,000,000	1.14
	1,588,313,848	90.54%

Holders of Options

Name	Number of Options	Percentage of Options on Issue
Bluerise Holdings Pty Ltd<The Bluerise A/C>	187,500,000	18.75
Corr T F	187,500,000	18.75
Venus Anetac Pty Ltd<RGC Family A/C>	187,500,000	18.75
Ruck Pty Ltd	100,000,000	10.00
Gibraltar Resources Pty Ltd	90,000,000	9.00
Mount St Investments Pty Ltd<MJ Blake S/F A/C>	90,000,000	9.00
GAB Superannuation Fund Pty Ltd	50,000,000	5.00
ACP Investments Pty Ltd	40,000,000	4.00
Bayonet Investments Pty Ltd<Southpoint A/C>	40,000,000	4.00
Must Properties Pty Ltd	20,000,000	2.00
Northerly Investments Pty Ltd	7,500,000	0.75
	1,000,000,000	100.00%