

PLANET ARK ENVIRONMENTAL FOUNDATION

A.B.N. 26 057 221 959

FINANCIAL REPORT
For the year ended 30th June 2008

PLANET ARK ENVIRONMENTAL FOUNDATION
AND CONTROLLED ENTITIES

A.B.N. 26 057 221 959

(A Company without Share Capital and Limited by Guarantee)

DIRECTORS REPORT

Your Directors present their report on the Company together with the financial statements of Planet Ark Environmental Foundation ("the Company") and the consolidated accounts of the Economic Entity, being the Company and its controlled entities, for the year ended 30th June 2008.

DIRECTORS

The names of each person who has been a director during the year and to the date of this report are:

Jonathan Dee	
Paul Klymenko	
Peter Shenstone	
Gillian Turner	
Michael Archer	Appointed 20/7/2007
Michael Coleman	Appointed 26/7/2007
Lyndell Fraser	Appointed 25/9/2007

All directors have been in office since the start of the year, to the date of this report unless stated.

COMPANY SECRETARY

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

Mr Wayne P Foster. Mr Foster has been the Finance and Administration Manager for the Company for the past six years. Mr Foster was appointed company secretary on 7th September 2005.

PRINCIPAL ACTIVITY

The principal activity of the entity during the period was Environmental Education, however a larger proportion of the consolidated income was derived from the sale of laundry powder through the acquisition by one of the Company's subsidiaries, of the marketing functions of Bionomics Australia Pty Ltd.

OPERATING RESULTS

The consolidated net surplus of the company and its subsidiaries for the financial year after providing for income tax amounted to \$92,895 (2007 \$139,854).

A review of the operations of the company during the financial year and the results of those operations show an increase in sales and sponsorship revenue of 2.2% to \$6,301,109.

Whilst the parent entity received dividends amounting to \$220,000 from its subsidiaries, it should be noted that the consolidated result disregards these dividends.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in the nature of the Company's or the Economic Entity's activities occurred during the year.

AFTER BALANCE DATE EVENTS

The entity is reviewing its business structure with a number of contracts for product endorsement, currently held by the subsidiaries being transferred to the parent entity. It is expected that Planet Ark Power Pty Ltd will not trade in 2008/09.

In an effort to return to its core-business, a decision has been taken to sell the Aware brand which is owned by a subsidiary. Any proceeds from such a sale would be utilised to stimulate campaigning activities by the parent entity.

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DIRECTORS REPORT

FUTURE DEVELOPMENTS

An application has been lodged for inclusion on the Register of Environmental Organisations maintained by the (Federal) Dept of Water, Heritage and The Arts (DEHWA).

Acceptance of this listing will allow an application to be made to the Australian Tax Office for Deductible Gift Recipient (DGR) status. This will allow a broadening of the funding base through tax deductible donations which previously was not available.

The Company has now been granted a Charitable Fundraising Authority by the NSW Office of Liquor, Gaming and Racing.

ENVIRONMENTAL ISSUES

The entity's operations are not regulated by any significant environmental regulation, under a law of the Commonwealth or of a state or territory.

DIVIDENDS PAID OR RECOMMENDED

The company's constitution does not allow for the payment of dividends by the Company.

Dividends totalling \$220,000 were paid by the subsidiaries to the parent entity in the 2007/08 year. It is proposed that dividends be paid for the ensuing financial year to the parent entity totalling \$435,000.

OPTIONS

No options over issued shares or interests in the any of the company's controlled entities were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

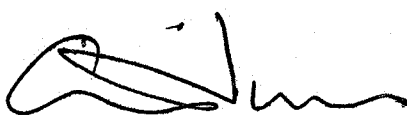
PROCEEDINGS ON BEHALF OF THE ENTITY

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

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

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30th June 2008 has been received and can be found on page 8 of the Directors' report.



Chairman _____
Gillian Turner



Deputy Chairman _____
Michael Coleman

Dated this 27th day of October 2008

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DIRECTORS REPORT

INFORMATION ON DIRECTORS

**Peter Shenstone – Strategic Director
Executive Director**

Peter worked in marketing and advertising in Australia and Canada from 1960 to 1969, specialising in research-based communication strategies for a wide range of consumer products.

From 1969 to 1976 he was a founding director of Spectrum Research, introducing innovative, qualitative (focus group) research techniques to Australia. Spectrum operated throughout the South East Asian region, servicing major clients including P & O, QANTAS, TAA/Australian Airlines, R. J. Reynolds, Heineken, Guinness, BHP, CRA, Colgate and the ALP, conducting the nationwide research and strategic planning group that devised the seminal "It's Time" political campaign of 1972.

Peter's attitudinal research led him to an interest in brain/ mind studies, which in turn led him into the emerging area of dolphin research. He spent the years 1976 to the early 1990's travelling, researching, lecturing and conducting workshops in that field internationally.

That experience inevitably resulted in growing appreciation of the environmental crisis now upon us. In 1992 Peter joined as a founding Director of Planet Ark in the belief that it offered an ideal vehicle to synthesise and utilise skills from his previous range of experiences, and to put powerful communication techniques to a higher purpose of environmental and social advocacy.

**Lyndell Fraser
Non-Executive Director**

BEC (Hons) MEd (Hons) MBA

Ms Fraser is a senior finance industry executive. Her experience has involved a broad range of banking and general insurance activities with a particular focus on managing key business functions in the retail arena. A breadth of roles have been successfully undertaken including in areas of government and industry relations, corporate communications, strategic planning and industry analysis, business planning, distribution planning and banking activities such as lending, treasury, international and branch banking.

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DIRECTORS REPORT

Paul Klymenko – Research & Finance Director
Non-Executive Director
Certificate – Securities Institute of Aust
Diploma & Associateship Courses – Aust & NZ Inst of Insurance & Finance

Paul has worked in the environmental field for the past 15 years. This has been as is an environmental researcher, retailer, writer and ethical investment fund manager.

He has been a Director of Planet Ark since 1992 and its Research & Finance Director since 1996.

In 1986 Paul co-founded Australian Ethical Investment Ltd, which is Australia's first socially responsible fund manager with now over \$200 million under management. In 1990 he also co-founded Australia's first environmental retailer, The Cleanhouse Effect.

Paul is the consulting editor on ecological issues for WellBeing magazine and has presented at a wide range of conferences and seminars on environmental and health issues. He has made many TV, radio and print media appearances on these subjects.

Paul is married with 3 young children. His passions outside of the environment are music, sport, film and learning.

Jon Dee – Co-Founder
Non-Executive director

Jon Dee is best known as the Founder and Chairman of Planet Ark – a not-for-profit organisation he started with Pat Cash in 1991. Jon also founded *'World Environment News'* – the leading news service of its kind and National Tree Day in Australia with Olivia Newton John.

Jon has spearheaded countless groundbreaking environmental campaigns. Most notably, Jon's campaigning resulted in the Australian phasing out of incandescent light globes.

Jon currently writes a column for *Sunday Magazine* called "Eco Agogo" and acted as the Australian spokesperson for Al Gore's documentary *An Inconvenient Truth*. Jon has directed and produced over 300 TV and radio adverts. He has recruited well known celebrities to donate their time, including Tom Cruise, Dustin Hoffman, Nicole Kidman, John McEnroe, Kylie Minogue, Rolf Harris, Steve Irwin, and Sir Paul McCartney amongst many others.

In 1989, Jon also initiated and ran *'Rock Aid Armenia'* where he organised *'The Earthquake Album'* – the UK's first ever gold selling charity album. The album and video were supported by such bands as Led Zeppelin, Pink Floyd, Genesis, Yes, Deep Purple and Bon Jovi.

Jon's latest project was the annual *'World Environment Review'* poll. Which was initiated by Jon and powered by GMI. Based in Seattle, USA, the poll questioned 14,000 people in 14 countries about their environmental actions and attitudes. Jon launched the poll with a speech at the House of Lords in London on June 5th, 2007.

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DIRECTORS REPORT

Gillian Turner
Non-Executive Director & Chairman

Gillian Turner is an experienced Chief Executive and Company Director, with a strong international background.

Over a twenty-year period her executive career has centred on the finance and banking sector – including capital markets and funds management, early-stage equity investments, life and general insurance, private and institutional trustee services and corporate finance – in which she has held a variety of roles at CEO and senior management level. She has lived and worked in Australia, Asia and Latin America, and been responsible for business interests in Europe and the United States. Organisations she has worked for include Coca-Cola Amatil Limited, the Standard Chartered Bank Group, Zurich Australia and Lloyds Bank NZA. Her early career included a Lectureship in Law at the University of Sydney.

Since the early 1990's Gillian has also held a number of non-executive directorships – in listed and unlisted vehicles – in Australia and Hong Kong. Through these she has developed expertise in the provision of health and medical-related services, biotechnology and the commercialisation of research, as well as key issues relating to secondary and tertiary level education, and the interface between the private and public sectors.

In 2005 Gillian stepped down as Managing Director of Unisearch Limited (commercialisation of technology) after over six years in the role, to pursue a lifelong interest in creative writing. She maintains a select portfolio of Board, advisory and mentoring roles.

Gillian holds a Bachelor in Laws (with Honours) from the University of Sydney, a Master of Laws from Harvard University, and is a Fellow of the Australian Institute of Company Directors.

Michael Coleman
Non-Executive Director & Deputy Chairman

Michael Coleman is KPMG's National Managing Partner for Risk & Regulation in Australia and a member of the firm's National Executive Committee. He is the Risk Management Partner for the Asia Pacific Region and represents the region on two Global committees. Michael is Chairman of KPMG's Audit Committee Institute in Australia, which he helped establish in 2002, and has led many of its Discussion Forums.

Michael is a member of the Financial Reporting Council (FRC) and a member of the Business Regulation Advisory Group (BRAG).

Michael is also Chair of the Reporting Committee of the Australian Institute of Company Directors (AICD), Chair of the Advisory Board of the Centre for Accounting and Assurance Services Research at the University of New South Wales, Director/Treasurer of Osteoporosis Australia, and Director/Treasurer of Company B Belvoir Street Theatre.

PLANET ARK ENVIRONMENTAL FOUNDATION
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DIRECTORS REPORT

Professor Michael Archer AO
Non-Executive Director

AM, BA(MCL) *Princeton*, PhD(Zool.) *University of Western Australia*, FRZNSW, FAS
Dean, Faculty of Science, University of New South Wales

Mike Archer was born in Sydney in 1945, a dual citizen of Australia and the USA. He did his undergraduate training in geology and biology at Princeton University (BA MCL, Geol./Biol. 1967), consecutive Fulbright Scholarships at the Western Australian Museum, Perth (1967-69) and a PhD in Zoology at the University of Western Australia (1976). From 1972-78, as Curator of Mammals at the Queensland Museum, he spent equal amounts of time on vertebrate palaeontology and modern mammalogy. In 1978, research at Riversleigh (NW Qld) and other areas escalated, he shifted to the University of New South Wales where, since 1989, he has been Professor of Biological Science. From 1999 to 2004 he was Director of the Australian Museum in Sydney. In 2004 he was appointed Dean of Science at UNSW. He has had significant ARC and other competitive funding continuously since 1978 and supervised about 12 postgraduate students at any one time.

Awards received by Mike for his researches include: Fellowship of the Australian Academy of Science (from 2002); Inaugural Eureka Prize for the Promotion of Science 1990, Clarke Medal of the Royal Society of New South Wales 1984 for Researches in Natural Science, Inaugural Queensland Museum Medal 1987 for research, Australian Heritage Award for Nature Conservation 1989 for research, Inaugural IBM Conservation Award (with S. Hand & H. Godthelp) 1990 for research, Von Mueller Medal of ANZAAS 1994 for research, Verco Medal of the Royal Society of South Australia 1996 for researches in natural science, Skeptic of the Year 1998; Dr Alice Whitley Award for Science Education 2002, Australian College of Educators; Research Associate of the Australian Museum; Research Associate of the Queensland Museum; Fellowship of the RZSNSW (for sustained research), T.H. Huxley Award for research, 2004; and seven Whitley awards for books written or edited. He has produced/coordinated hundreds of scientific publications, books, conferences and keynote addresses at international conferences. He is fully or jointly responsible for the establishment of 5 regional and urban museums. Research at Riversleigh by Mike and more than 100 colleagues resulted in inscription in 1995 of Riversleigh & Naracoorte on the World Heritage List.

Mike's primary contributions have occurred in nine areas: 1, documenting biodiversity of Australia's living marsupials; 2, the evolutionary history of Australia's marsupial carnivores; 3, ontogenetic development of the oral epithelium of marsupials and marsupial dental homology; 4, basicranial morphology and circulatory systems of tribosphenid marsupials; 5, Australia's first Mesozoic mammals and the monotreme fossil record; 6, Australia's only early Tertiary mammals at Murgon, Queensland; 7, the biodiversity of early Eocene to Holocene vertebrates at Murgon and Riversleigh; 8, the conservation status of living animals based on an understanding of their deep-time history; and 9 (most recently and increasingly consumingly), communication to the public as well as colleagues about the vital importance of implementing compatible, innovative approaches to maximise long-term, effective conservation of Australia's threatened biotas as well as rural and regional communities.

PLANET ARK ENVIRONMENTAL FOUNDATION
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DIRECTORS REPORT

DIRECTORS BENEFITS:

No Director has received or become entitled to receive, during or since the end of the financial period, a benefit because of a contract made by the Company, controlled entity or a related body corporate with a Director, a firm of which the Director is a member or an entity in which the Director has a substantial financial interest. Gert Mueller, a director of the entity's subsidiary Planet Ark Environmental Solutions Pty Ltd receives a commission payment through his company Bionomics Australia Pty Ltd as a part of the contract entered into for the purchase of the "Aware" trademark. Total commissions paid during the period of the report amounted to \$111,498.

MEETINGS OF DIRECTORS: Attendance at Board meetings is summarised below.

Director	Meetings eligible to attend	Meetings attended
Jon Dee	8	8
Peter Shenstone	8	6
Paul Klymenko	8	1
Gillian Turner	8	8
Michael Coleman	8	7
Mike Archer	8	5
Lyndell Fraser	8	7

INDEMNIFYING OFFICERS OR AUDITOR:

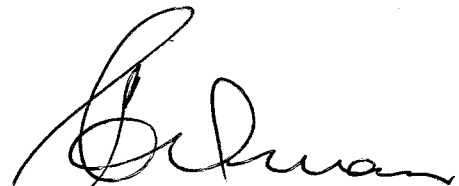
The Company has not, during or since the end of the financial period, in respect of any person who is or has been an officer or auditor of the Company or of a related body corporate indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings.

The company has paid premiums to insure each of its directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium paid by the company and its subsidiaries was \$1,826.

Signed in accordance with a resolution of the Directors:



Chairman _____
Gillian Turner



Deputy Chairman _____
Michael Coleman

Date 27th October 2008

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C
OF THE CORPORATIONS ACT 2001**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

(i) no contraventions of the auditor's independence requirements as set out in the Corporations Act 2001

in relation to the audit; and

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



J.A. Evennett & Co., Chartered Accountants
David J. Evennett - Partner

Date 27 October, 2008

37 Bligh Street Sydney NSW 2000

PLANET ARK ENVIRONMENTAL FOUNDATION
AND CONTROLLED ENTITIES
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**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PLANET ARK
ENVIRONMENTAL FOUNDATION**

Report on the Financial Report

We have audited the accompanying financial report of Planet Ark Environmental Foundation (the Company) and Planet ark Environmental Foundation and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June, 2008, the income statement, statement of changes in equity and cashflow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the Directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Planet Ark Environmental Foundation on 31st July 2008 would be in the same terms if provided to the Directors as at the date of this Auditor's report.

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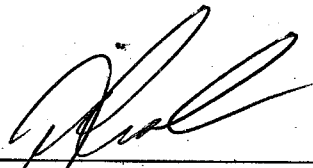
**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF PLANET ARK
ENVIRONMENTAL FOUNDATION**

Auditor's Opinion

In our opinion:

The financial report of Planet Ark Environmental Foundation and Planet Ark Environmental Foundation and Controlled Entities is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and



J.A. Evennett & Co.,
David J. Evennett (Partner)
37 Bligh Street Sydney NSW 2000

Dated this 27th day of October 2008

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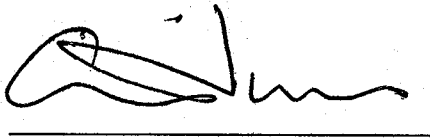
DIRECTORS DECLARATION

The Directors of the Company declare that: -

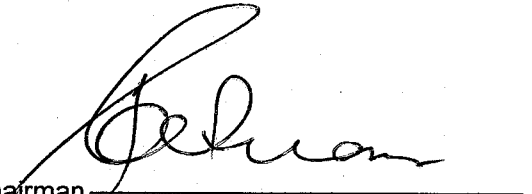
1. The financial statements and notes as set out on pages 11 to 34 are in accordance with the Corporations Act 2001 and:
 - (a) Comply with Accounting Standards and the Corporations Regulations 2001: and
 - (b) give a true and fair view of the financial position as at 30th June 2008 and of the performance for the year ended on that date of the company and consolidated group.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company and the consolidated group, will be able to pay its debts as and when they become due and payable.

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

Chairman
Gillian Turner



Deputy Chairman
Michael Coleman



Dated this 28th day of October 2008

PLANET ARK ENVIRONMENTAL FOUNDATION
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INCOME STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Sales, Sponsorship, Donations & Royalties		6,301,109	6,167,800	1,894,336	2,271,497
Donations		2,977	0	2,977	0
Direct Cost of Sales		(3,243,065)	(2,993,365)	0	0
Gross Profit		3,061,021	3,174,435	1,897,313	2,271,497
Dividend Income		0	0	220,000	0
Refund of Inputation Credits		94,286	0	94,286	0
Interest and Other Income		13,236	1,487	10,978	645
Computer & IT Expenses		(128,471)	(145,041)	(126,222)	(145,041)
Administration Expenses		(442,088)	(431,321)	(364,089)	(327,261)
Advertising & Promotional Expenses		(287,893)	(378,664)	(195,505)	(253,320)
Employment Expenses		(1,252,403)	(1,385,866)	(994,435)	(1,204,357)
Other Operational Expenses		(675,285)	(477,671)	(581,389)	(477,671)
Interest & Borrowing Expenses		(88,003)	(67,326)	(87,217)	(66,770)
Profit from Ordinary Activities before Income tax expense	3	294,400	290,033	(126,280)	(202,278)
Income Tax expense relating to Ordinary Activities	4	(201,505)	(150,179)	0	0
Net Profit from Ordinary Activities attributable to members of the company		92,895	139,854	(126,280)	(202,278)

The accompanying notes form part of these financial statements

**PLANET ARK ENVIRONMENTAL FOUNDATION
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**BALANCE SHEET
AS AT 30TH JUNE 2008**

	Note	Economic Entity		Parent Entity	
		2008 \$	2007 \$	2008 \$	2007 \$
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	6	266,427	83,443	170,088	53,414
Trade and Other Receivables	7	902,221	1,092,058	217,232	503,405
Other Current Assets	8	32,002	30,887	32,002	28,501
Inventories		0	0	0	0
TOTAL CURRENT ASSETS		1,200,650	1,206,388	419,322	585,320
NON-CURRENT ASSETS					
Other	8	38,048	46,101	38,048	46,101
Property Plant and Equipment	9	1,014,509	997,839	1,014,509	997,839
Financial Assets	10	0	0	4	4
Intangible Assets	11	276,857	279,226	23,299	25,668
TOTAL NON-CURRENT ASSETS		1,329,414	1,323,166	1,075,860	1,069,612
TOTAL ASSETS		2,530,064	2,529,554	1,495,182	1,654,932
CURRENT LIABILITIES					
Trade and Other Payables	12	548,328	631,058	265,887	313,467
Short Term Provisions	14	167,186	193,333	52,545	54,926
Short Term Financial Liabilities	13	131,203	129,044	131,203	129,044
TOTAL CURRENT LIABILITIES		846,717	953,435	449,635	497,437
NON-CURRENT LIABILITIES					
Long Term Financial Liabilities	13	821,954	807,621	821,954	807,621
TOTAL NON-CURRENT LIABILITIES		821,954	807,621	821,954	807,621
TOTAL LIABILITIES		1,668,671	1,761,056	1,271,589	1,305,058
NET ASSETS (LIABILITIES)		861,393	768,498	223,593	349,874
EQUITY					
Reserves	15	200,212	200,212	200,212	200,212
Retained Profits/(Losses)	15	661,181	568,286	23,381	149,662
TOTAL EQUITY		861,393	768,498	223,593	349,874

The accompanying notes form part of these financial statements

**PLANET ARK ENVIRONMENTAL FOUNDATION
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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2008**

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash Flow from Operating Activities					
Receipts from customers		6,626,973	6,057,606	2,175,969	2,271,237
Payments to suppliers and employees		(6,098,380)	(6,009,178)	(2,227,786)	(2,422,561)
Interest Received		6,582	1,487	4,324	645
Income tax paid		(200,953)	(62,371)	0	0
Interest paid		(88,004)	(67,325)	(87,218)	(66,769)
Net cash generated from (used in) operating activities	23	<u>246,218</u>	<u>(79,781)</u>	<u>(134,711)</u>	<u>(217,448)</u>
Cashflow from investing activities					
Purchase of Freehold Property & Improvements		(6,752)	(168,674)	(6,752)	(168,674)
Payment for property, plant and equipment		(10,301)	(55,195)	(10,301)	(55,195)
Proceeds/(Loss) on sale of property, plant & equipment		1,756	3,536	1,756	3,536
Loans to related parties - payments (made)/received		0	0	64,682	73,688
Payment for intangible assets		(76,012)	(11,726)	(1,012)	(11,726)
Dividend Receipts		0	0	220,000	0
Net cash generated from (used in) investing activities		<u>(91,309)</u>	<u>(232,059)</u>	<u>268,373</u>	<u>(158,371)</u>
Cash flow from financing activities					
Increase/(Decrease) in Credit Card Liabilities		(26,030)	1,233	(26,030)	1,233
Increase/(Decrease) in Hire Purchase Agreement Liability		15,662	228,911	15,662	228,911
(Payment)/Repayment of Security Deposit		0	(500)	0	0
Increase/(Repayment) of Bank Loan		830	253,336	830	253,336
Repayment of Vendor Finance		0	(75,000)	0	0
Increase/(Decrease) of other liabilities		14,401	(53,703)	0	(58,508)
Increase/(Decrease) in GST Liability		23,212	(1,441)	(7,450)	(25,074)
Net cash generated from (used in) financing activities		<u>28,075</u>	<u>352,836</u>	<u>(16,988)</u>	<u>399,898</u>
Net increase (decrease) in cash held		182,984	40,996	116,674	24,079
Cash at beginning of year		83,443	42,447	53,414	29,335
Cash at end of year	6	<u>266,427</u>	<u>83,443</u>	<u>170,088</u>	<u>53,414</u>

PLANET ARK ENVIRONMENTAL FOUNDATION
AND CONTROLLED ENTITIES

ABN 26 057 221 959

(A Company without Share Capital and Limited by Guarantee)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Note 1: Statement of Significant Accounting Policies

The financial report is for Planet Ark Environmental Foundation a company limited by guarantee, incorporated and domiciled in Australia, and its controlled entities (economic entity).

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless stated otherwise.

The financial report has been prepared on an accruals basis and is based on historical costs, modified by the measurement at fair value of selected non-current assets, financial liabilities and financial liabilities.

Accounting Policies

(a) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Donations and bequests are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as prepaid income on the balance sheet.

Interest income is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon delivery of the service to the customer.

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

PLANET ARK ENVIRONMENTAL FOUNDATION
AND CONTROLLED ENTITIES

ABN 26 057 221 959

(A Company without Share Capital and Limited by Guarantee)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Note 1: Statement of Significant Accounting Policies (cont'd)

(b) Property, Plant and Equipment:

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same classes of assets are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cashflows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets, but excluding freehold land is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Motor Vehicles	22.5%
Freehold Improvements	6.5-20%
Furniture & Fittings	10-40%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

PLANET ARK ENVIRONMENTAL FOUNDATION
AND CONTROLLED ENTITIES

ABN 26 057 221 959

(A Company without Share Capital and Limited by Guarantee)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Note 1: Statement of Significant Accounting Policies (cont'd)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. Where revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Income Tax:

The Directors of the Company consider that it is not liable for income tax. Their opinion is based on the nature of the company's objects and its principal activity in relation to environmental education and is supported by the Australian Tax Office's endorsement of it as a charitable institution.

The Company's subsidiaries, where applicable adopt the liability method of accounting for income tax whereby the charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or non-allowable items. It is calculated using rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company, are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the entity will retain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

PLANET ARK ENVIRONMENTAL FOUNDATION
AND CONTROLLED ENTITIES

ABN 26 057 221 959

(A Company without Share Capital and Limited by Guarantee)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Note 1: Statement of Significant Accounting Policies (cont'd)

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(e) Impairment of Assets

At each reporting date, the company reviews the carrying values of tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Where the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset class the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

(f) Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to Balance Sheet date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable after one year have been measured at the net present value.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(g) Provisions

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

(h) Cash and Cash Equivalents

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

PLANET ARK ENVIRONMENTAL FOUNDATION
AND CONTROLLED ENTITIES
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(A Company without Share Capital and Limited by Guarantee)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Note 1: Statement of Significant Accounting Policies (cont'd)

(i) Goods and Services Tax (GST)

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

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

(j) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to confirm with changes in presentation for the current year.

(k) Critical Accounting Estimates and Judgements:

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

Key estimates – Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement costs calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of the Aware trademark for the year ended 30th June 2008, owing to Directors best estimates of its valuation following current sale negotiations of the trademark.

Key judgements – Provision for impairment

Included in trade and other receivables for the economic entity at 30 June 2008 is an amount receivable by a subsidiary from Merino Pty Ltd for product endorsement amounting to \$41,250. Merino was placed in Voluntary Administration in December 2007 and a provision for \$17,250 has been made at 30th June 2008. A further provision of \$7,000 to cover remaining unspecified debts continues to be provided for.

(l) Principles of Consolidation:

The consolidated accounts of the economic entity include the accounts of the company, being the chief entity, and its controlled entities.

Where an entity either began or ceased to be controlled during the period, the results are included only from the date control commenced or up to the date control ceased.

All controlled entities are wholly owned and therefore there are no outside interests in the equity and results of the controlled entities, and as such there is no disclosure of outside equity interests.

PLANET ARK ENVIRONMENTAL FOUNDATION
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ABN 26 057 221 959

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Note 1: Statement of Significant Accounting Policies (cont'd)

(m) Unexpended Grants:

The entity receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the entity to treat grants monies as income in the period in which the grant is received irrespective of whether the entity is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

(n) Intangibles:

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortization and any impairment losses. Patents and trademarks are amortised over their useful life of 10 years.

(o) Economic Dependence:

Planet Ark Environmental Foundation and its controlled entities are not dependent on any one major customer or Government Department for the majority of the revenue to operate the business.

The financial report was authorised for issue on 27th October 2008 by the Board of Directors.

PLANET ARK ENVIRONMENTAL FOUNDATION
AND CONTROLLED ENTITIES
(A Company without Share Capital and Limited by Guarantee)
ABN: 26 057 221 959

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2008

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<u>2. Revenue</u>				
Revenue from Corporate and other sponsorships				
Corporate sponsorships	1,659,284	2,101,716	1,659,284	2,101,716
Government sponsorships	100,000	100,000	100,000	100,000
	<u>1,759,284</u>	<u>2,201,716</u>	<u>1,759,284</u>	<u>2,201,716</u>
Revenue from sales and licencing				
Sale of laundry products	3,932,153	3,684,096	0	0
Other sales	56,015	16,095	0	409
Consulting Income	82,000	5,500	6,000	5,500
Royalty and licencing income	470,951	252,315	38,646	0
	<u>4,541,119</u>	<u>3,958,006</u>	<u>44,646</u>	<u>5,909</u>
Other Revenue				
Other income	7,361	4,826	6,655	120
Dividend Income	0	0	220,000	0
Refund of Imputation Credits	94,286	0	94,286	0
Donations	2,977	3,252	2,977	3,252
Management Fees	0	0	90,406	60,500
Interest received	6,582	1,487	4,324	645
	<u>111,206</u>	<u>9,565</u>	<u>418,648</u>	<u>64,517</u>
Total Revenue	<u><u>6,411,609</u></u>	<u><u>6,169,287</u></u>	<u><u>2,222,578</u></u>	<u><u>2,272,142</u></u>

PLANET ARK ENVIRONMENTAL FOUNDATION
AND CONTROLLED ENTITIES
(A Company without Share Capital and Limited by Guarantee)
ABN: 26 057 221 959

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2008

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
3. Profit				
(a) Expenses				
Depreciation of property, plant and equipment	42,080	41,773	42,080	41,773
Interest paid to other persons	88,003	67,325	87,217	66,769
Amortisation of intangibles	3,383	4,241	3,383	4,241
Bad debts provision	18,750	0	0	0
Provision for staff entitlements	90,025	91,506	63,215	71,464
Loss on disposal of fixed assets	656	0	656	3,537
Remuneration of auditor				
- audit or review	12,250	6,500	10,050	6,500
- taxation and other services	7,480	6,480	5,980	1,980

(b) Significant revenue and expenses

The following revenue and expense items are relevant in explaining the financial performance

Dividend Income	0	0	(220,000)	0
Refund of Taxation Franking Credits	(94,286)	0	(94,286)	0
Insurances	53,421	46,855	53,421	46,855
Legal Expenses	29,657	56,447	29,168	56,447
Computer leasing costs	73,280	89,727	73,280	82,440
Consulting Fees	320,965	151,752	293,951	146,155

4. Income Tax Expense

Prima Facie Income Tax payable attributable to:

Operating profit before tax	88,320	87,010	0	0
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Reconciliation between income tax expense and prima facie income tax payable on accounting profit is as follows:

Deduct:

Net Non-assessability of charitable income	(103,883)	(60,689)	0	0
Tax effect of timing differences				
- tax losses deducted	0	0	0	0
- provision for staff entitlements	0	0	0	0
- other	0	0	0	0

Add:

Tax effect of timing differences				
- provision for staff entitlements	3,504	1,857	0	0
- other	75	450	0	0
- provision for doubtful debts	5,625	0	0	0
Tax effect of non-deductible expenses	98	173	0	0

Income Tax Expense	<u>201,505</u>	<u>150,179</u>	<u>0</u>	<u>0</u>
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5. Dividends

a. Distributions paid	220,000	0	0	0
b. Balance of franking account at year end adjusted for income tax paid or provided for	202,769	69,516	0	0

**PLANET ARK ENVIRONMENTAL FOUNDATION
AND CONTROLLED ENTITIES**

(A Company without Share Capital and Limited by Guarantee)

ABN: 26 057 221 959

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2008**

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
6. Cash and Cash Equivalents				
Cash at Bank	265,577	82,593	169,238	52,564
Cash on Hand	850	850	850	850
	<u>266,427</u>	<u>83,443</u>	<u>170,088</u>	<u>53,414</u>
7. Trade and Other Receivables				
Current				
Trade & other debtors	890,129	1,079,966	245,309	466,800
Security deposits	12,092	12,092	8,870	8,870
Loans - Current (Unsecured)				
Planet Ark Environmental Solutions Pty Ltd	0	0	7,654	69,086
Planet Ark Power Pty Ltd	0	0	(44,601)	(41,351)
The Cleanhouse Effect Pty Ltd	7,249	7,249	7,249	7,249
Less: Provision for Diminution	(7,249)	(7,249)	(7,249)	(7,249)
	<u>902,221</u>	<u>1,092,058</u>	<u>217,232</u>	<u>503,405</u>
8. Other Assets				
Current				
Prepaid Expenses	23,711	27,660	23,711	27,660
Income Tax refund due	0	0	0	0
GST refund due	8,291	3,227	8,291	841
Total Current Assets	<u>32,002</u>	<u>30,887</u>	<u>32,002</u>	<u>28,501</u>
Non-Current				
Prepaid Expenses	<u>38,048</u>	<u>46,101</u>	<u>38,048</u>	<u>46,101</u>
9. Property Plant and Equipment				
Furniture, Plant & Equipment - At Cost	117,182	106,881	117,182	106,881
Less: Accumulated Depreciation	(92,455)	(78,651)	(92,455)	(78,651)
	<u>24,727</u>	<u>28,230</u>	<u>24,727</u>	<u>28,230</u>
Freehold Improvements - At Cost	219,169	212,417	219,169	212,417
Less Accumulated Depreciation	(37,561)	(22,883)	(37,561)	(22,883)
	<u>181,608</u>	<u>189,534</u>	<u>181,608</u>	<u>189,534</u>
Freehold Land and Buildings - At Fair Value	711,314	711,314	711,314	711,314
	<u>711,314</u>	<u>711,314</u>	<u>711,314</u>	<u>711,314</u>
Motor Vehicles - At Cost	120,179	155,777	120,179	155,777
Less: Accumulated Depreciation	(23,319)	(87,016)	(23,319)	(87,016)
	<u>96,860</u>	<u>68,761</u>	<u>96,860</u>	<u>68,761</u>
Total Property, Plant & Equipment	<u>1,014,509</u>	<u>997,839</u>	<u>1,014,509</u>	<u>997,839</u>

PLANET ARK ENVIRONMENTAL FOUNDATION
AND CONTROLLED ENTITIES

(A Company without Share Capital and Limited by Guarantee)

ABN: 26 057 221 959

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2008

Parent Entity

Movements in Carrying Amounts	Land and Buildings	Freehold Improvements	Motor Vehicles	Furniture and Equipment
2007				
Balance at Beginning of Year	511,102	36,008	45,908	28,720
Additions at Cost	0	168,674	47,064	4,805
Additions at Fair Value	0	0	0	0
Disposals	0	0	(7,229)	0
Revaluation Increment	200,212	0	0	0
Depreciation expense	0	(15,148)	(16,982)	(5,295)
Carrying amount at end of year	<u>711,314</u>	<u>189,534</u>	<u>68,761</u>	<u>28,230</u>

2008				
Balance at Beginning of Year	711,314	189,534	68,761	28,230
Additions at Cost	0	6,752	73,115	10,301
Additions at Fair Value	0	0	0	0
Disposals	0	0	(31,112)	0
Revaluation Increment	0	0	0	0
Depreciation expense	0	(14,678)	(13,904)	(13,804)
Carrying amount at end of year	<u>711,314</u>	<u>181,608</u>	<u>96,860</u>	<u>24,727</u>

Economic Entity

Movements in Carrying Amounts	Land and Buildings	Freehold Improvements	Motor Vehicles	Furniture and Equipment
2007				
Balance at Beginning of Year	511,102	36,008	45,908	28,720
Additions at Cost	0	168,674	47,064	4,805
Additions at Fair Value	0	0	0	0
Disposals	0	0	(7,229)	0
Revaluation Increment	200,212	0	0	0
Depreciation expense	0	(15,148)	(16,982)	(5,295)
Carrying amount at end of year	<u>711,314</u>	<u>189,534</u>	<u>68,761</u>	<u>28,230</u>

2008				
Balance at Beginning of Year	711,314	189,534	68,761	28,230
Additions at Cost	0	6,752	73,115	10,301
Additions at Fair Value	0	0	0	0
Disposals	0	0	(31,112)	0
Revaluation Increment	0	0	0	0
Depreciation expense	0	(14,678)	(13,904)	(13,804)
Carrying amount at end of year	<u>711,314</u>	<u>181,608</u>	<u>96,860</u>	<u>24,727</u>

**PLANET ARK ENVIRONMENTAL FOUNDATION
AND CONTROLLED ENTITIES**
(A Company without Share Capital and Limited by Guarantee)
ABN: 26 057 221 959

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2008**

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
10. Financial Assets				
Non Current				
Shares in Controlled Companies- at cost	0	0	4	4
Shares in unlisted Company - at cost	13,546	13,546	13,546	13,546
Less: Provision for Impairment	(13,546)	(13,546)	(13,546)	(13,546)
	<u>0</u>	<u>0</u>	<u>4</u>	<u>4</u>
11. Intangible Assets				
Formation expenses - at cost	1,440	1,440	0	0
Patent expenses - at cost	350	350	0	0
Trademarks -at cost	288,509	287,496	36,741	35,728
Less: Provision for Impairment	(13,442)	(10,060)	(13,442)	(10,060)
Net Carrying Value	<u>276,857</u>	<u>279,226</u>	<u>23,299</u>	<u>25,668</u>

Movements in carrying amounts	Parent Entity		
	Formation Expenses	Patent Expenses	Trademark
2007			
Balance at beginning of year	0	0	18,184
Additions	0	0	11,725
Disposals	0	0	0
Amortisation charge	0	0	(4,241)
Impairment losses	0	0	0
	<u>0</u>	<u>0</u>	<u>25,668</u>
2008			
Balance at beginning of year	0	0	25,668
Additions	0	0	1,014
Disposals	0	0	0
Amortisation charge	0	0	(3,384)
Impairment losses	0	0	0
	<u>0</u>	<u>0</u>	<u>23,298</u>

Movements in carrying amounts	Economic Entity		
	Formation Expenses	Patent Expenses	Trademark
2007			
Balance at beginning of year	1,440	350	269,952
Additions	0	0	11,725
Disposals	0	0	0
Amortisation charge	0	0	(4,241)
Impairment losses	0	0	0
	<u>1,440</u>	<u>350</u>	<u>277,436</u>
2008			
Balance at beginning of year	1,440	350	277,436
Additions	0	0	1,014
Disposals	0	0	0
Amortisation charge	0	0	(3,383)
Impairment losses	0	0	0
	<u>1,440</u>	<u>350</u>	<u>275,067</u>

**PLANET ARK ENVIRONMENTAL FOUNDATION
AND CONTROLLED ENTITIES**
(A Company without Share Capital and Limited by Guarantee)
ABN: 26 057 221 959

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2008**

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
12. Trade and Other Payables				
Current				
GST Payable	22,900	3,999	0	0
Trade payables	299,726	411,680	130,493	224,849
Accrued expenses	225,702	215,379	135,394	88,618
	<u>548,328</u>	<u>631,058</u>	<u>265,887</u>	<u>313,467</u>
Non Current				
Trade Payables	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
13. Financial Liabilities				
Current				
Bank Loan (Secured over freehold at Wentworth Falls)	66,039	56,474	66,039	56,474
Hire Purchase Liability Note 22	65,164	72,570	65,164	72,570
	<u>131,203</u>	<u>129,044</u>	<u>131,203</u>	<u>129,044</u>
Non Current				
Bank Loan (Secured over freehold at Wentworth Falls)	594,346	603,082	594,346	603,082
Hire Purchase Liability Note 22	227,608	204,539	227,608	204,539
	<u>821,954</u>	<u>807,621</u>	<u>821,954</u>	<u>807,621</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<u>14.Provisions</u>				
Current				
Provision for Income Tax	83,858	119,306	0	0
Provision for Holiday Pay	44,196	33,234	30,372	26,338
Provision for Long Service Leave	39,132	40,793	22,173	28,588
	<u>167,186</u>	<u>193,333</u>	<u>52,545</u>	<u>54,926</u>

	Income Tax	Parent Entity	
		Long Service Leave	Holiday Pay
Opening balance at 1 July 2007	0	28,588	26,338
Additional provisions raised during year	0	9,449	53,767
Amounts used	0	(15,864)	(49,733)
Balance at 30 June 2008	<u>0</u>	<u>22,173</u>	<u>30,372</u>

	Income Tax	Economic Entity	
		Long Service Leave	Holiday Pay
Opening balance at 1 July 2007	119,306	40,794	33,234
Additional provisions raised during year	201,505	14,202	75,822
Amounts used	(236,953)	(15,864)	(64,860)
Balance at 30 June 2008	<u>83,858</u>	<u>39,132</u>	<u>44,196</u>

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
Analysis of total provisions				
Current	167,186	193,334	52,545	54,926
Non-current	0	0	0	0

Provision for Long-Service Leave

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cashflows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included with note 1 to this report.

Provision for Holiday Pay

A provision has been raised for holiday pay that is payable to employees. It has been calculated with reference to historical data.

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	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<u>15. Reserves</u>				
Asset Revaluation Reserve				
Opening balance at 1 July 2007	200,212	0	200,212	0
Revaluation of freehold property	0	200,212	0	200,212
Balance at 30 June 2008	<u>200,212</u>	<u>200,212</u>	<u>200,212</u>	<u>200,212</u>
Retained Earnings				
Opening balance at 1 July 2007	568,286	428,432	149,661	351,940
Profit attributable to the entity	92,895	139,854	(126,280)	(202,278)
Balance at 30 June 2008	<u>661,181</u>	<u>568,286</u>	<u>23,381</u>	<u>149,662</u>
Total Equity	<u>861,393</u>	<u>768,498</u>	<u>223,593</u>	<u>349,874</u>

16. Contingent Liabilities

The Directors are not aware of any contingent or other liabilities not provided for in the accounts.

17. Key Management Personnel Compensation

	Short-Term Benefits	Post- employment Benefits	Total
Parent Entity			
2008			
Total Compensation	311,611	0	311,611
2007			
Total Compensation	391,339	0	391,339
Economic Entity			
2008			
Total Compensation	548,221	0	548,221
2007			
Total Compensation	528,318	0	528,318

18. Related Party Transactions

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

Commissions paid to Bionomics Australia Pty Ltd by a subsidiary of the Company as part of contract for purchase of trademark \$111,498

Gert Mueller, a Director of Bionomics Australia Pty Ltd was a Director of Planet Ark Environmental Solutions Pty Ltd until April 22, 2008. He no longer holds that role.

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19. Accounting Policies

The following Accounting Standards issued or amended and which are applicable to the entity but not effective and have not been adopted in preparation of the financial statements at reporting time.

AASB amendment	Standards Affected	Outline of Amendment	Application Date of the standard	Application Date for the Group
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1 AASB 101 AASB 107 AASB 111 AASB 116 AASB 138	First time adoption of AIFRS Presentation of financial statements Cash Flow Statements Construction Contracts Property, Plant and Equipment Intangible Assets	The revised AASB 123: Borrowings Costs in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly to the acquisition, construction or production of a qualifying asset. However there will be no direct impact to the amounts included in the entity's financials as the company already capitalises borrowing costs related to qualifying assets.	1.1.2009 1.7.2009
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	As above.	1.1.2009 1.7.2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of recognised income and expenditure.	1.1.2009 1.7.2009
AASB 101	AASB 101	Presentation of Financial Statements	As above	1.1.2009 1.7.2009

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19. Accounting Policies (continued)

AASB amendment	Standards Affected	Outline of Amendment	Application Date of the standard	Application Date for the Group
AASB 1004	AASB 1004 Contributions	The revised AASB 1004: Contributions has been based on the review of the requirements of AAS 27: Financial Reporting by Local Governments, AAS 29: Financial Reporting by Government Departments and AAS 31: Financial Reporting by Governments. Specific considerations have been made in relation to Contributions, Liabilities Assumed by Other Entities, Government Department Disclosures Relating to Revenue, Reconstructures of Administrative Arrangements and Compliance with Parliamentary Appropriations and Other Externally-Imposed Requirements by Government Departments to ensure that these are appropriately addressed in AASB 1004. It is not expected that the revisions to AASB 1004 will result in a material change to the recognition and measurement policies of the entity.	1.7.2008	1.7.2008

20. Members Guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding and liabilities of the company. At 30 June 2008, the number of members was 53.

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21. Financial Risk Management

a Financial Risk Management Policies

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The entity does not have any derivative instruments at 30 June 2008.

Financial Risks

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

Interest rate risk

Interest rate risk is managed by a mixture of fixed and floating rate debt. At 30 June 2008, 100% of debt is floating.

Foreign currency risk

The entity is not exposed to fluctuations in foreign currencies.

Liquidity risk

The entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets as disclosed in the balance sheet and notes to the financial statements. The entity does not have any material credit risk to any single receivable or group of receivables under financial instruments entered into by the entity.

There are no material amounts of collateral held as security as at 30 June 2008.

Credit risk is managed by the entity and reviewed regularly by the Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The entity monitors the credit risk by actively assessing the rating quality and liquidity of counterparties:

Only banks and financial institutions with an "A" rating are utilised.

Only accredited fund managers linked to "A" rated financial institutions are used.

No more than 3% of total investments may be held at any time in a particular investment.

The trade receivables balances at 30 June 2008 and 30 June 2007 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria above.

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b Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Weighted average		Floating Interest Rate		Fixed Interest Rate Maturing		Non Interest Bearing		Total	
	Effective Interest Rate		2008	2007	2008	2007	2008	2007	2008	2007
	2008	2007								
	%	%								
Parent Entity										
Financial Assets										
Cash at Bank	4.15	3.5	169,238	52,564	0	0	0	0	169,238	52,564
Cash on hand			0	0	0	0	850	850	850	850
Trade and other debtors			0	0	0	0	245,309	466,800	245,309	466,800
Total financial Assets			169,238	52,564	0	0	246,159	467,650	415,397	520,214
Financial Liabilities										
Trade and sundry creditors			0	0	0	0	225,662	245,635	225,662	245,635
Lease liability	8.15	8.15	292,773	277,109	0	0	0	0	292,773	277,109
Mortgage liability	10.0	8.35	660,623	659,556	0	0	0	0	660,623	659,556
Total Financial liabilities			953,396	936,665	0	0	225,662	245,635	1,179,058	1,182,300
Economic Entity										
Financial Assets										
Cash at Bank	4.15	3.5	265,577	82,562	0	0	0	0	265,577	82,562
Cash on hand			0	0	0	0	850	850	850	850
Trade and other debtors			0	0	0	0	890,129	1,079,966	890,129	1,079,966
Total financial Assets			265,577	82,562	0	0	890,979	1,080,816	1,156,556	1,163,378
Financial Liabilities										
Trade and sundry creditors			0	0	0	0	485,205	556,386	485,205	556,386
Lease liability	8.15	8.15	292,773	277,109	0	0	0	0	292,773	277,109
Mortgage liability	10	8.35	660,623	659,556	0	0	0	0	660,623	659,556
Total Financial liabilities			953,396	936,665	0	0	485,205	556,386	1,438,601	1,493,051

It is expected that all trade and sundry payables will be paid within 3 months.

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22. Expenditure Commitments

Non-cancellable operating rental agreement for computer equipment.
Non-cancellable hire purchase agreements for motor vehicles and solar power system.
Commercial property lease for office at 15-17 Young St Sydney, expiring December 2009.
Mortgage loan from St George Bank over property at Wentworth Falls.
Public Relations and Media agreement with Issues Communications.

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
Operating Lease Commitments				
Payable within 12 months	65,528	72,570	65,528	72,570
Payable 12 months to 24 months	65,528	43,152	65,528	43,152
Payable 24 months to 36 months	85,265	43,152	85,265	43,152
Payable in excess of 36 months	115,452	118,235	115,452	118,235
	331,773	277,109	331,773	277,109
Property Mortgage				
Payable within 12 months	66,480	56,474	66,480	56,474
Payable 12 months to 24 months	89,530	61,846	89,530	61,846
Payable 24 months to 36 months	89,530	85,800	89,530	85,800
Payable in excess of 36 months	984,830	951,172	984,830	951,172
	1,230,370	1,155,292	1,230,370	1,155,292
Computer leases				
Payable within 12 months	46,485	45,607	46,485	45,607
Payable 12 months to 24 months	25,781	34,015	25,781	34,015
Payable 24 months to 36 months	2,611	13,804	2,611	13,804
Payable in excess of 36 months	0	0	0	0
	74,877	93,426	74,877	93,426
Office Rental Commitments				
Payable within 12 months	29,676	55,096	23,070	43,560
Payable 12 months to 24 months	0	29,676	0	23,070
Payable 24 months to 36 months	0	0	0	0
Payable in excess of 36 months	0	0	0	0
	29,676	84,772	23,070	66,630
Issues Communications				
Payable within 12 months	110,000	110,000	110,000	110,000
Payable 12 months to 24 months	55,000	110,000	55,000	110,000
Payable 24 months to 36 months	0	55,000	0	55,000
Payable in excess of 36 months	0	0	0	0
	165,000	275,000	165,000	275,000

The motor vehicle operating lease commitments are non-cancellable hire-purchase agreements capitalised in the financial statements with 3, 4 or 5 year terms. Additionally a 5 year agreement exists for purchase of solar power equipment for the Wentworth Falls property. These leases are secured over the underlying equipment.

The computer leases are non-cancellable rental agreements for periods of 3 years contracted for but not capitalised in financial statements.

The property mortgage is for a period of 15 years commencing in June 2007 and recognised in the financial statement. The first 2 years are interest only terms, the balance being principle and interest payments.

Property rental agreements exist for office space occupied at 15-17 young St Sydney. The leases expire in December 2009.

A non-cancellable contract exists with Issues Communication for the provision of public relation services for a period of 3 years from December 2006. These costs are expensed in the period in which the services are received.

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	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<u>23. Cash Flow Information</u>				
Reconciliation of cash flows from operations with profit from ordinary activities after income tax				
Profit/(loss) from ordinary activities after income tax	92,895	139,854	(126,280)	(202,278)
Non cash flows from ordinary activities				
Amortisation	3,383	4,241	3,383	4,241
Depreciation	42,079	41,773	42,079	41,773
Provision for staff entitlements	9,298	(11,955)	(2,382)	(18,144)
Provision for income tax (reduction)	552	87,808	0	0
Provision for doubtful debts	18,750	0	0	0
Non-operating income included in operating profit				
Dividend Income	0	0	(220,000)	0
Changes in assets and liabilities, net of the effect of purchase and disposal of subsidiaries				
Decrease/(Increase) in receivables	175,314	(237,601)	221,491	(259)
Increase/(Decrease) in payables	(92,929)	(135,955)	(47,578)	(69,854)
Increase/(Decrease) in provisions and prepayments	(3,950)	57,108	(3,950)	60,904
Increase/(Decrease) in employment and other taxes	826	(25,054)	(1,474)	(33,831)
Cash Flows from Operations	<u>246,218</u>	<u>(79,781)</u>	<u>(134,711)</u>	<u>(217,448)</u>

24. Events subsequent to balance date

The Company has applied for listing on the Register of Environmental Organisations and will, subsequent to that listing, apply to the Australian Taxation Office for Deductible Gift Recipient status.

The Company is in negotiations through its subsidiary Planet Ark Environmental Solutions Pty Ltd, for the sale of the Aware brand.

The Directors are unable to quantify the financial effect on the Company or Consolidated Entity of these changes.

25. Company Details

The Company's registered office is located at : Level 2, 15-17 Young Street Sydney, which is also the principal place of business.

26. Segment Information

The economic entity operates only in Australia and is not part of any industry segment.