Solagran Limited

Annual 2009 Report


FOR PRACTITIONER DISPENSING ONLY
Bioeffective® A 320
Each capsule contains
Conifer Green Needle Complex (Bioeffective® A) 320 mg
10 Vegicaps® Soft Capsules®
AUST L 134782
Bioeffective® A 320
Conifer Green Needle Complex
FOR PRACTITIONER DISPENSING ONLY
KEEP OUT OF REACH OF CHILDREN
Bioeffective® A 320
Each capsule contains
Conifer Green Needle Complex (Bioeffective® A) 320 mg
30 Vegicaps® Soft Capsules®
AUST L 134782
Bioeffective® A 320
Conifer Green Needle Complex
Bioeffective® A

CORPORATE DIRECTORY

ABN	48 002 592 396
DIRECTORS	Dr Vagif Soultanov – Executive Chairman Mr Branko Jovanovic (appointed 6 February 2009) Mr Alexander Kurganov (appointed 6 February 2009) Mr Andi Solaiman (appointed 27 July 2009)
COMPANY SECRETARY	Mr Justyn Stedwell
REGISTERED OFFICE	Level 1, 480 St Kilda Road Melbourne VIC 3004
TELEPHONE	61 3 9820 2699
FACSIMILE	61 3 9820 3155
SHARE REGISTRY	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6000
AUDITOR	BDO Kendalls Audit & Assurance (WA) Pty Ltd 128 Hay Street Subiaco WA 6008
BANKERS	National Australia Bank Level 2, 330 Collins Street Melbourne VIC 3000
AUSTRALIAN SECURITIES EXCHANGE	Solagran Limited securities are listed on the Australian Securities Exchange Codes: SLA - Ordinary shares SLACA - Contributing shares

CONTENTS

Dear Shareholder,

The last year has been eventful. Not all of these events have played a positive role in the life and business activities of Solagran.

The global economic crisis, the departure from the company of Denis Kilroy, one of its founding directors and the passing away of one of our key strategists, Peter Stedwell has obviously affected the company's business activities. Like many other businesses and countries throughout the world we experienced some difficulties. As in life one should always look to the future taking the positive lessons of the past. To deny miscalculations and mistakes is foolish, it is necessary and beneficial to learn from them to achieve our goals. One who makes no mistakes does not usually achieve anything. On the contrary, Solagran has made significant inroads towards commercialising valuable and unique products which will benefit humanity.

The manufacturing facility in Tomsk has not stopped for even one day. The result is an accumulated 150kg of pharmaceutical grade product. Our facility continues to work and improve and has the capacity to easily produce 25 kg per month of stable high quality product equivalent of 4100 courses of treatment.

In spite of the global financial crisis, the core strategy of the company remains unchanged. Contrary to the challenging monetary conditions Solagran is expanding. New products with various applications have continued to be developed. Recently Bioeffective I (Siberian Fir Water Fraction), which has enormous potential, was listed by the TGA in Australia.

Solagran continues its ongoing and substantial efforts to increase the current sale volumes of Ropren to ensure its availability in most of the hospitals in Russia as well as key pharmaceutical networks in Moscow, St Petersburg and other regions of the country.

Due to the enormous efforts of SibEX Director, Alexander Kurganov, his team and Branko Jovanovic, CEO of Solagran (who is currently in Russia), an infrastructure and distribution network for the sale of Ropren within the whole of Russia is in the final stages of being established. The big launch is scheduled for the second half of November. Meanwhile some hospitals have conducted internal clinical trials which have demonstrated positive results and opened up additional possibilities for the use of this unique product. Further information on these developments will soon be available.

Volume sales of Bioeffective A in the last year have increased by 33%, the product has gained deserved popularity with growth in demand continuing. Bioeffective A has also been approved by the Malaysian Drug Control via our Malaysian associates Nuvanta.

In the USA Bioeffective A has been submitted as a "New Dietary Ingredient" (NDI). The FDA responded positively and has requested further data, Solagran has consequently commissioned a new study focusing on "healthy adults" that begins in October 2009 with a final report expected in early 2010. Thanks to the diligent work of Solagran staff we are confident Bioeffective A will be available in the US market in the first half of next year.

During the last 12 months the big step forward in the life of Solagran was the addition of The Salim Group and Indofoods *as a business partner. The Salim Group is one of the largest privately owned corporate companies in South East Asia. Over this period meetings took place with Anthony Salim, his colleagues and key individuals regarding over the counter (OTC) products for the prevention of liver and gastrointestinal tract diseases utilising Solagran's Bioeffectives. This also allows for the development of Bioeffective R in a very effective and affordable lower concentration product, ideal as an additive for an assortment of baby food and nutraceuticals with the potential to reach a significant sector of the South East Asian market.*

Solagran has continued to conduct various preliminary trials allowing it to expand its products into new areas of application. The accumulated knowledge from these trials over the years has allowed us to work with our new partner in the area of food products and also animal husbandry. Discussions have taken place and plans have been initiated to undertake trials utilising Solagran's Bioeffectives to aid in the breeding of healthy pigs, stress free piglets and reducing diseases that currently cause a high mortality rate.

In Singapore we have also commenced a joint venture with INuovi Cosmetics to exploit a unique range of skincare products utilising the Bioeffectives range.

Following the visit to Australia by Agishev V G. Head Physician of St Petersburg Psychiatric Hospital, the Australian clinical trial at St Vincent's Hospital Melbourne of Bioeffective A in the management of acute alcohol withdrawal and alcohol abstinence maintenance" was registered. (Company Announcement 3 August 2009). Commencement of these trials is expected in October 2009.

Bioeffective A and Ropren trials are continuing with a view to identifying their new properties, study their mechanism of action and efficacy. Studies of these substances have never stopped, they are capable of many things and Solagran continually looks at new areas of application.

Over the last year progress has been made in the development of additional intellectual property and the strengthening of its protection. Currently, apart from the international patent on the technological process, the company has 5 PCT applications [treatment of alcoholism, Alzheimer's disease, helicobacteriosis, trichomaniasis, monoamine oxidase (MAO) inhibition] and now must decide about the transition phase of patenting in other countries. The importance of this work should not be underestimated.

Solagran has significantly advanced its plans for the construction of a new GMP manufacturing facility in the Special Economic Zone with a production capacity of 250 kg of high quality prenols per month. This facility will also allow for production of different Bioeffectives under one roof, whilst improving the quality control and properties of the manufactured products.

I would like to thank all of you for your ongoing help and support and would like to wish to all of us, success, stability and great health in the coming year.

Vagif Soultanov
Executive Chairman

2 October 2009

The Directors present their report on the consolidated entity consisting of Solagran Limited ("the Company") and its controlled entities (Solathera Limited, Solagran NV and SibEX Limited) for the year ended 30 June 2009.

Directors

The names, qualifications, experience and special responsibilities of the directors in office during the financial year and as at the date of this report are listed below. All directors, unless otherwise stated, were in office from the beginning of the financial period until the date of this report. Directors have not held directorships in other listed public companies in the three years prior to 30 June 2009 unless stated otherwise.

Current Directors

Dr. Vagif Soultanov – *Executive Chairman*

Dr. Soultanov is the principal founder of Solagran and led the Bioeffectives® research team in St Petersburg in the 1980s. He has doctoral qualifications in both organic chemistry and biochemistry, and is a registered medical practitioner in Russia. He first came to Australia in 1990 to work with the CSIRO Division of Forest Products as part of an inter-governmental scientific exchange program. He has published over 60 scientific papers in Russia and internationally and holds a number of patents.

Dr. Soultanov is Executive Chairman of the Board of Directors and responsible for the Research and Development activities of Solagran Limited.

Branko Jovanovic – *Director & Chief Executive Officer (appointed 6 February 2009)*

Mr. Jovanovic is a former diplomat and the Director in various European companies. Before joining Solagran, he was the Trade Development Manager and Business Council Executive Director for Russia, Thailand and Malaysia with the Australian Chamber of Commerce and Industry. He has extensive experience in international trade and speaks five languages including fluent Russian.
Mr. Jovanovic is the Company's Chief Executive and is responsible for the management, strategic planning and commercial objectives on Solagran Limited.

Alexander Kurganov – *Executive Director (appointed 6 February 2009)*

Alexander Kurganov is General Director of SibEX LLC based in Tomsk Siberia, the 85% owned subsidiary of Solagran, Australia. He has been a lecturer in science at the Tomsk Polytechnic University and has 5 patents (Russian Federation) and 21 publications. He directed the construction of the world's first facility to produce polyprenols from conifer species.

Andi Solaiman – *Non-Executive Director (appointed 27 July 2009)*

Andi Solaiman (B. Bus., MBA) holds a number of senior positions within the Salim Group. He is a director of AsiaMedic Limited, Interflour Holdings Limited and Universal Integrated Corporation Consumer Products Pte. Ltd. He is also the President Director and Chief Executive Officer of PT Indokemika Jayatama.

Mr Solaiman completed the executive program at the University of Pennsylvania – Wharton Business School in 2005. He currently resides in both Singapore and Jakarta where the Salim Group's main administrative offices are located.

Robert Payne – *Director (appointed 23 February 2009, resigned 1 July 2009) & Company Secretary (appointed 1 April 2009, resigned 1 July 2009)*

Dr Payne is a Doctor of Philosophy (Ph.D.) in inorganic chemistry. After completion of his Ph.D. in Australia, Dr Payne travelled to Germany where he was awarded the Alexander von Humboldt Scholarship from the Federal Government of Germany in Bonn for International Recognition of Academic excellence at Ph.D. level. He has completed the Program for Management Development from Harvard Business School USA.

Between 2000 and 2006 he was Chief Executive Officer of State Development Fund Limited, a wholesale and retail fund dealing in shares of its investments according to the Commonwealth Pooled Development Fund Act 1993. Dr Payne is currently a Director of Belgravia Funds Management Pty Ltd.

Peter Stedwell – *Executive Director & Company Secretary (deceased - 30 March 2009)*

Mr. Stedwell was a graduate of the University of Melbourne with over thirty five years corporate experience in Finance Director and Company Secretarial roles. In the pharmaceutical industry he was previously Finance Manager and Company Secretary of E.R. Squibb and Sons (now Bristol Myer). He was also a director of ASX listed companies Echo Resources Limited (appointed 25 March 2004) and BioProspect Limited (appointed 1 September 2008).

Denis Kilroy - *Executive Director (resigned 6 February 2009)*

Mr. Kilroy is the founder and Managing Director of the KBA Consulting Group, and MFV Software Pty Ltd. He has been a strategy consultant for over 25 years. He holds a Bachelor of Engineering and Master of Engineering Science degrees from the University of New South Wales.

Charles Pellegrino – *Executive Director (resigned 1 December 2008)*

Mr. Pellegrino has operated in public practice for approximately 15 years as an accountant and financial advisor. He is the founder and director of the Stanford Group of Companies. Charles holds a Bachelor of Arts and a Bachelor of Business in Accounting. He is currently acting as Manager of Marketing at Solagran. Mr. Pellegrino is currently a director of ASX listed company BioProspect Limited (appointed 1 September 2008).

Company Secretary

Justyn Stedwell *(appointed 9 July 2009)*

Mr. Stedwell has completed a Bachelor of Business & Commerce at Monash University and a Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia. He is also the Company Secretary of ASX listed companies Hostech Ltd and Mercury Brands Ltd.

Directors' Meetings

The company held fourteen directors' meetings during the 2008-2009 year. The attendance of the directors at meetings of the Board were:

Current director	Directors meetings attended	Meetings held whilst in office
Dr. Vagif Soultanov	14	14
Branko Jovanovic	2	6
Alexander Kurganov	2	6

Previous Director	Directors meetings attended	Meetings held whilst in office
Peter Stedwell	11	11
Denis Kilroy	6	8
Robert Payne	4	5
Charles Pellegrino	4	4

Directors' Interests in Shares.

The relevant interests of each Director in the share capital of the Company as the date of this report are as follows:

Director	Ordinary Shares Directly Held	Ordinary Shares Indirectly held	Contributing Shares Directly Held	Contributing Shares Indirectly held
Vagif Soultanov	195,809	4,921,034	19,582	-
Branko Jovanovic	-	-	-	-
Alexander Kurganov	-	3,000,000	-	-
Andi Solaiman	-	-	-	-

Directors' Interest in Options

Director	Number of Options	Exercise Price ($)	Expiry
Vagif Soultanov	6,000,000	0.50	30 November 2011
Vagif Soultanov	19,582	0.20	30 November 2010
Branko Jovanovic	-	-	-
Alexander Kurganov	-	-	-
Andi Solaiman	-	-	-

Directors Interest in Contracts

The director's of Solagran have no interest in contracts relating to shares in Solagran.

Principal Activities

The principal activities of the Company are the continuing research and commercial development of Bioeffectives® along with the extension of patent protection for the extraction and applications of Bioeffectives®.

There were no significant changes in the nature of the Group's activities during the current year.

Dividends

The Directors recommend that no dividend be paid. No amounts have been paid as dividends during the financial year and up to the date of this report.

Operating Results

The consolidated net loss of the Company for the financial year, after allowing for an income tax benefit of $648,789 (2008 - nil), was $10,352,128 (2008 - loss $3,762,040).

Review of Operations

A review of operations is provided in the Chairman's Report.

Commercialisation of Products

During the financial year the Company continued clinical studies, research and market development plans in accordance with its stated objective of completing the commercialisation process of Bioeffectives® A, B and R.

Corporate Structure

Solagran is a Company Limited by shares that is incorporated in Australia. Solagran has prepared a consolidated financial report incorporating the entities that it retained interests in during the financial year.

Significant Changes in the State of Affairs

Share issues during the year and up to the date of this report were as follows:

Ordinary Shares

Date	Number of Shares Issued	Event
26 February 2009	28,000,000	Issue of Shares to Solalife
10 March 2009	25,536,775	Payment of final call on contributing shares.
24 July 2009	21,291,727	Payment of final call on contributing shares.
27 July 2009	36,916,918	Issue of Shares to a nominee of the Salim Group
10 August 2009	10,000	Payment of final call on contributing shares

Contributing Shares paid to 10 cents with a further 10 cents payable on or before 30 November 2009

Date	Number of Shares Issued	Event
23 December 2008	7,655,616	Rights Issue
30 January 2009	3,639,450	Placement of Rights Issue shortfall
24 July 2009	932,355	Share Issue

Options

The following options are currently on issue as at the date of this report:

Number of Options	Exercise Price ($)	Expiry
12,227,421	0.20	30 November 2010
6,000,000	0.50	30 November 2011

The following options were issued during the year and up to the date of this report:

Date	Number of Options	Exercise Price ($)	Expiry
1 December 2008	10,000,000	0.50	30 November 2011
23 December 2008	7,655,616	0.20	30 November 2010
30 January 2009	3,639,450	0.20	30 November 2010
24 July 2009	932,355	0.20	30 November 2010

The following options lapsed during the year and up to the date of this report:

Date	Number of Options	Exercise Price ($)	Expiry
6 February 2009	4,000,000	0.50	30 November 2011

Matters Subsequent to the End of the Financial Year

On 8 July 2009 Solagran announced that it had received approval from the Malaysian Drug Control Authority (DCA) for the sale of Bioeffective® A in Malaysia. The Malaysian Drug Control Authority (DCA) is one of the most well respected regulatory authorities in the South East Asian region, known for its strict and in-depth evaluation. As such, Solagran views this approval as further recognition of the therapeutic benefits of Bioeffective® A, and a positive step towards achieving distribution of our products globally.

On 14 July 2009 Solagran announced patents granted to Solagran under PCT (International Patents), including patents recently granted relating to three major applications for the treatment of:

- alzheimer's;
- disease related to MAO (Monoamine Oxidise); and
- H.pylori growth inhibitors

This further secures intellectual property of the Company and opens up further international distribution opportunities.

On 20 July 2009 Solagran announced that it had entered into a strategic partnership with the Salim Group. The Salim Group is a leading Asian business group with significant interests in the food processing, animal husbandry, agriculture and distribution sectors. The Salim Group will provide critical support to Solagran's ongoing product commercialisation efforts and, in particular, its strategy of gaining access to the vast Asian market with (i) a new range of over the counter (OTC) products for general health and well being, and (ii) potential penetration of the pharmaceutical market.

Likely Developments and Expected Results of Operations

The Directors believe that the further commercialisation of Bioeffectives® will provide strong sales revenue to the group in the financial year 2009/2010.

Environmental Regulation

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period 1 July 2008 to 30 June 2009 the directors have assessed that there are no current reporting requirements, but may be required to do so in the future. In Tomsk, SiBEX complies with certain environmental regulations relating to the collection of raw materials under an agreement with local regulatory authorities.

Directors and Officers Insurance

The Company holds a Directors and Officers liability policy with a limit of $5,000,000 for any individual claim.

Proceedings on Behalf of the Company

There are no proceedings on behalf of the Company pursuant to section 237 of the Corporations Act 2001.

REMUNERATION REPORT

Remuneration Report (Audited)

The information provided in this Remuneration Report has been audited as required by Section 308(3C) of the Corporations Act 2001.

a) Principles used to determine the nature and amount of remuneration

The Board reviews the remuneration packages and policies applicable to the Directors and other officers of the Company on an annual basis. Where necessary the Board obtains independent advice on the appropriateness of remuneration packages.

Non-Executive Directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board has received advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fee is determined independently to the fees of non-executive directors based on comparative roles in the external market.

The Chairman is not present at any discussion relating to the determination of his own remuneration.
The maximum pool to be paid to Non-Executive Directors is agreed at the Annual General Meeting and is currently $180,000.

Executive Remuneration

Executive remuneration and other terms of reference are reviewed annually by the Board and are set at fair market value and not the performance of the Company. Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed upon promotion. There are no guaranteed base pay increases fixed in any senior executive's contract. Executive benefits received are a motor vehicle allowance

b) Details of remuneration

Details of the nature and amount of each element of the emoluments of each Director of Solagran Limited and the officers of the Company for the years ended 30 June 2008 and 2009 are set out in the following tables:

Name of Executive Directors	Position held	Short-term benefits		Share-based payments		
		Salaries $	Consulting Fees $	Options $	Total $	Remuneration consisting of options %
		2009	2009	2009	2009	2009
Dr V Soultanov	Chairman	-	157,566	158,683	316,259	50.2%
Mr C Pellegrino*	Director	-	33,000	-	33,000	-
Mr D Kilroy*	Director	-	137,516	-	137,516	-
Mr P Stedwell*	Company Secretary	-	143,503	-	143,503	-
Mr R Payne*	Company Secretary	-	22,000	-	22,000	-
Mr B Jovanovic*	CEO	29,570	-	-	29,570	-
Mr A Kurganov*	Director	25,000	-	-	25,000	-
Total		**54,570**	**493,585**	**158,693**	**706,848**	

* denotes Directors who have resigned during the year.

Name of Executive Directors	Short-term benefits		Share-based payments		
	Salaries $	Consulting Fees $	Options $	Total $	Remuneration consisting of options %
	2008	2008	2008	2008	2008
Dr V Soultanov	-	123,171	158,550	281,721	56.3
Mr D Kilroy	-	98,517	126,840	225,357	56.3
Mr P Stedwell	100,000	28,000	84,560	212,560	39.8
Mr C Pellegrino	-	72,000	84,560	156,560	54.0
Total	**100,000**	**321,688**	**454,510**	**876,198**	**51.9**

Mr Pellegrino resigned as a director on 15 December 2008
Mr Kilroy resigned as a director on 6 February 2009
Mr Stedwell passed away on 30 March 2009
Mr Kurganov was appointed a director on 6 February 2009
Mr Jovanovic was appointed a director on 6 February 2009
Mr Payne was appointed a director on 23 February 2009 and resigned 1 July 2009

c) Service agreements

Currently there are no service agreements in place between the Company and any of its Directors, however consulting fees and salaries are approved at board level.

d) Share-based compensation

At a General Meeting held on 28 November 2008 Shareholders approved the issue of the following numbers of Unlisted Options (exercisable at $0.50 on or before 30 November 2011) to the following Directors or their nominees.

Director	Number of Options	Value
Dr Vagif Soultanov	6,000,000	$158,683
Mr Denis Kilroy	4,000,000	$105,795
Total	**10,000,000**	**$264,478**

4,000,000 Options issued to Mr Denis Kilroy were forfeited on 6 February 2009.

For the purposes of shareholder approval the Unlisted Options were valued at $0.026 on the basis of a Black Scholes valuation as detailed in the Notice of Annual General Meeting.

At the date of issue of the Unlisted Options (1 December 2008), the share price of Solagran ordinary securities closed at $0.185, indicating a fair value of $0.026 per Unlisted Option.

To meet the requirements of IFRS the Unlisted Options were valued under an independent Black Scholes valuation at $0.026 each in the accounts. An amount of $158,683 was taken up as the cost of the Unlisted Options issued to Directors.

All options are issued for no consideration.

e) Additional Information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance.

In considering the Company's performance and its effect on shareholder wealth, the Board have regard to a broad range of factors, some of which are financial and others of which relate to the progress on the Group's developments.

The Board also gives consideration to the Group's result and cash consumption for the year. It does not utilise earnings per share as a performance measure or contemplate payment of any dividends in the short to medium term given that all efforts are currently being expended to build the business and establish self-sustaining revenue streams

Share-based compensation: Options

Further details relating to options are set out below:

Name	A Remuneration consisting of options	B Value at grant date $	C Value at exercise date $	D Value at lapse date $
Dr Vagif Soultanov	158,683	158,683	-	-

A = The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.
B = The value at grant date calculated in accordance with AASB 2: Share-based Payment of options granted during the year as part of remuneration.
C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date.
D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The values determined at the time of lapsing, but assuming the condition was satisfied.

Information in relation to the maximum value of options yet to vest as has been determined to be the fair value at the grant dates is shown in the table below:

Name	Options					
	Year granted	Vested %	Forfeited %	Financial years in which options may vest Year	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest $
Dr Vagif Soultanov	2009 2008	0% -	- -	2011 -	- -	158,683 -
Denis Kilroy	2009 2008	- -	100% -	- -	- -	- -

Loans to directors and executives

There were no loans to directors and executives during the reporting period or at 30 June 2009.

Shares under option

No shares were issued under option during the reporting period or at 30 June 2009.

Shares issued on the exercise of options

No shares were issued on the exercise of options during the reporting period or at 30 June 2009.

Insurance of officers

During the financial year, the Group has paid an insurance premium in respect of a Directors' and Officers' Liability Insurance Contract. The insurance premium relates to liabilities that may arise from an officer's position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain personal advantage.

The officers covered by the insurance policies are directors and officers of the Group.

The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of premium.

End of Audited Remuneration Report

Auditor

BDO Kendalls Audit & Assurance (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Non-audit services

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

Details of the amounts paid or payable to the auditor (BDO Kendalls Audit & Assurance (WA) Pty Ltd) for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the board of directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees for non-audit services were paid or payable for services provided by a related practice of the external auditors:

	2009 ($)	2008 ($)
BDO Kendalls Corporate Tax (NSW-VIC) Pty Ltd - Taxation and Accounting Services	174,706	21,000

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out later in this Report.

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

Dated at Melbourne the 30th day of September, 2009.

Vagif Soultanov
Executive Chairman

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE, 2009

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE, 2009

	Note	Consolidated		Parent	
			Restated		Restated
		2009	2008	2009	2008
		$	$	$	$
Revenue from continuing operations	2	656,055	1,453,328	79,593	1,001,778
Other Income	2	23,376	554,725	21,975	123,997
Cost of goods sold		527,407	257,771	-	-
Employee benefits expenses		781,805	912,178	52,000	172,000
Depreciation expenses	3	484,727	470,254	-	-
Impairment Expense	3	2,645,171	-	645,171	-
Inventory Writedown	3	386,475	-	-	-
Share Based Payment Expense		2,415,219	454,000	2,415,219	454,000
Consultancy and contract expenses		495,399	677,238	173,254	66,910
Administration expenses		1,078,705	1,612,668	950,244	904,323
Listing and share registry fees		138,912	83,528	-	-
Operating Expenses Siberian Production Facility		1,231,159	-	-	-
Doubtful Debts Expense - Intercompany Loans		-	-	15,371,335	-
Marketing expenses		349,190	319,903	176,538	114,846
Manufacturing expenses		146,734	45,042	-	-
Loss on foreign exchange movements		(21,974)	135,000	-	135,000
Clinical trial costs (Research and Development)		917,554	788,823	31,922	43,783
Other expenses		127,243	13,688	-	9,954
Profit/(loss) before income tax expense		(11,024,293)	(3,762,041)	(19,714,115)	(775,042)
Income tax benefit	4	648,789	-	672,165	-
Profit / (loss) from continuing operations		(10,375,504)	(3,762,041)	(19,041,950)	(775,042)
Profit / (loss) for the financial year		(10,375,504)	(3,762,041)	(19,041,950)	(775,042)
Profit / (loss) attributable to minority interest		(276,610)	(65,461)	-	-
Profit / (loss) to the members of Solagran Limited		(10,098,895)	(3,696,580)	(19,041,950)	(775,042)

Earnings per share for profit / (loss) for the period		**2009**	**2008**
Basic loss per share	18	(4.48)	(2.93)
Diluted loss per share	18	(4.48)	(2.93)

The above Income Statement should be read in conjunction with the accompanying notes.

Balance Sheet					
		Consolidated		Parent	
			Restated		Restated
		2009	2008	2009	2008
	Note	$	$	$	$
Current Assets					
Cash and Cash Equivalents	5	520,037	4,660,068	257,353	4,284,439
Trade and Other Receivables	6	1,481,003	1,375,868	375,180	173,017
Inventories	7	2,719,108	2,124,224	-	-
Total Current Assets		**4,720,148**	**8,160,160**	**632,534**	**4,457,456**
Non-Current Assets					
Receivables	8	-	-	3,185,430	12,822,309
Other Financial Assets	9	-	-	13,653,008	13,621,035
Available-for-Sale Financial Assets	10	549,764	505,000	549,764	505,000
Property, Plant and Equipment	11	5,501,518	5,026,040	-	-
Intangible Assets	12	8,639,824	10,609,543	-	-
Total Non-Current Assets		**14,691,107**	**16,140,583**	**17,388,202**	**26,948,345**
TOTAL ASSETS		**19,411,255**	**24,300,743**	**18,020,735**	**31,405,801**
Current Liabilities					
Trade and Other Payables	13	1,389,861	1,794,290	442,261	1,179,198
Borrowings	13	190,000	181,818		
Total Current Liabilities		**1,579,861**	**1,976,109**	**442,261**	**1,179,198**
Non-Current Liabilities					
Borrowings	14	95,880	592,274	-	-
Income Received in Advance	14	157,040	-	-	-
Total Non-Current Liabilities		**252,920**	**592,274**	-	-
TOTAL LIABILITIES		**1,832,781**	**2,568,383**	**442,261**	**1,179,198**
NET ASSETS		**17,578,474**	**21,732,360**	**17,578,474**	**30,226,603**
Contributed Equity	15	64,938,298	61,433,680	64,938,298	61,433,681
Reserves	16	3,044,663	266,500	3,163,898	266,500
Accumulated Losses	17	(50,404,487)	(40,052,358)	(50,523,722)	(31,473,578)
Minority Interest	18	-	84,539	-	-
TOTAL EQUITY		**17,578,474**	**21,732,360**	**17,578,474**	**30,226,603**

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENTS OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE, 2009

	Consolidated		Parent	
	2009	2008 Restated	2009	2008 Restated
	$	$	$	$
Total equity at the beginning of the financial year	**21,732,362**	**10,936,052**	**30,226,603**	**16,929,443**
Changes in fair value of available-for-sale investments	64,679	(417,500)	64,679	(417,500)
Asset Revaluation Reserve Reversed to P&L	417,500	-	417,500	-
Net income/(expense) recognised directly in equity	482,179	(417,500)	482,179	(417,500)
Loss for the year	(10,375,504)	(3,762,040)	(19,041,950)	(775,043)
Total recognised income and expense for the year	**(9,893,325)**	**(4,179,540)**	**(18,559,771)**	**(1,192,543)**
Transactions with equity holders in their capacity as equity holders				
Contributions of equity, net of transaction costs	3,504,619	13,920,498	3,504,619	13,920,496
Movement in Minority Interest	(234,539)	84,539	-	-
Adjustment for prior year consolidation	-	516,813	(8,196)	115,207
Share Based Payments	2,415,219	454,000	2,415,219	454,000
FX Reserve	54,138	-	-	-
Total equity at the end of the financial year	17,578,474	21,732,362	17,578,474	30,226,603
Total recognised income and expense for the year attributable to:				
Members of Solagran Limited	(10,098,895)	(3,696,579)	(19,041,950)	(775,043)
Minority Interest	(276,610)	(65,461)	-	-
	(10,375,504)	(3,762,040)	(19,041,950)	(775,043)

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

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE, 2009

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE, 2009

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
		Restated		Restated
	$	$	$	$
Cash flows from operating activities				
Receipts from customers	1,120,733	592,237	549,594	123,998
Payments to suppliers and employees	(6,904,999)	(5,507,821)	(2,195,064)	(582,011)
Interest Received	21,974	185,596	21,974	79,278
Income tax paid	23,376	-	-	-
Net cash (outflow) from operating activities	**(5,738,916)**	**(4,729,988)**	**(1,623,496)**	**(378,735)**
Cash flows from investing activities				
Interest Received	80,377	-	-	-
Payment for investments	-	-	-	(2,858,640)
Loans to related entities	-	-	(5,734,456)	-
net of cash acquired	-	(2,361,270)	-	-
Increase in funding to subsidiary	-	(3,592,891)	-	-
Payments for property, plant and equipment	(960,205)	(31,324)	(141,781)	-
Payments for intangible assets	(238,037)	(6,098)	-	-
Net cash (outflow) from investing activities	**(1,117,865)**	**(5,991,583)**	**(5,876,237)**	**(2,858,640)**
Cashflows from financing activities				
Proceeds from the issue of shares	3,552,079	13,140,498	3,552,079	13,140,498
Repayment of borrowings	(584,092)	-	-	(7,859,825)
Net cash inflow from financing activities	**2,967,987**	**13,140,498**	**3,552,079**	**5,280,673**
Net increase / (decrease) in cash and cash equivalents	**(3,888,794)**	**2,418,927**	**(3,947,654)**	**2,043,298**
Cash and cash equivalents at the beginning of the financial year	4,660,068	2,241,141	4,284,439	2,241,141
Impact of FX	(251,237)	-	-	-
Cash and cash equivalents at the end	**520,037**	**4,660,068**	**336,785**	**4,284,439**

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Note 1. Summary of significant accounting policies

Solagran Limited is a company limited by shares incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The financial report was authorised for issue in accordance with a resolution of the Directors on 30 September 2009.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Solagran Limited as an individual entity and the consolidated entity consisting of Solagran Limited and its subsidiaries.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Solagran Limited complies with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of available for sale financial assets.

Comparatives

Comparatives have been restated for the changes described in Note 32.

Critical accounting estimates and significant judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities if they were to significantly change within the next financial year are discussed below.

(i) Impairment testing of indefinite life intangible assets and goodwill

The Group tests annually whether intangible assets with an indefinite useful life have suffered any impairment, in accordance with the accounting policy stated in note 1(e). The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of assumptions. Details of the assumptions used can be found in Note 12.

The recoverability of the amount of goodwill and indefinite life of intangible assets is based upon Solagran Limited and controlled entities being able to continue as a going concern, by the way of raising further capital in order to meet expenditure commitments to be able to successfully exploit the company's product and technologies in excess of the carrying value of goodwill and other intangibles.

The recoverable amount of investments held by the parent entities is based on the net asset value in conjunction with terminal value calculations as set out in Note 12.

(ii) Shared-based payment transactions

The Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

(iii) Significant Judgement - Non capitalisation of clinical trial research and development costs

Due to the high element of risk and uncertainty associated with the development of pharmaceutical products the Group elects to expense all ongoing patent costs and all research and developments costs. This is consistent with other companies in the Biotech sector in the same stage of development of Solagran Limited.

b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Solagran Limited ("company" or "parent entity") as at 30 June 2009 and the results of all subsidiaries for the year then ended. Solagran Limited and its subsidiaries together are referred to in this financial report as the Group or consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries 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 subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Solagran Limited.

c) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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 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 income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

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 of offset and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Solagran Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Solagran Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Solagran Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidation group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

d) Business Combination

The purchase method of accounting is used for all acquisition of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price at the date of exchange unless, in rare circumstances, it can be demonstrated that the published market price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

e) Impairment of assets

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount determined an impairment loss recognised in income statement.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

f) Property, Plant & equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Costs may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Furniture, fittings and equipment:	5 years
Motor Vehicles	5 years
Land and Buildings	Not depreciated

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

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

g) Intangible assets

(i) 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 subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries 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. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each country of operation by each primary reporting segment. Impairment losses on goodwill are not reversed.

(ii) Patents and trademarks

Patents and trademarks have an indefinite useful life and are carried at cost less any impairment losses. The carrying value of patents and trademarks is assessed using methods such as discounted future cashflow of the estimated revenue expected to be generated from the assets. Patents and trademarks are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired.

h) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

i) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, and closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Under AASB 2 Share Based Payments, the Group must recognise the fair value of options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the income statement with a corresponding adjustment to equity.

The Group provides benefits to employees (including directors) of the group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares (“equity-settled transactions”). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using the Black Scholes model.

j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

k) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement in other expenses.

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.

Revenue is recognised for the major business activities as follows:

(i) Sale of Goods

Revenue from the sales is recognised when significant risk and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to the buyer when goods have been delivered to the customer.

(ii) Interest Income

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(iii) Government Grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all the attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are include in the non-current liabilities as deferred income and credited to the income statement on a straight line basis over the expected lives of the related assets.

m) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit 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 financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

n) Inventories

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

o) Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

p) Contributed Equity

Ordinary shares are classified as equity.

Contributing shares are partly paid with calls of capital being made at the discretion of the company. Where calls are not paid these shares will be forfeited by the holder.

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are included as part of the purchase consideration.

(q) Dividends

A provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(r) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(s) Investments and other financial assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non current assets. Loans and receivables are included in receivables in the balance sheet.

Subsequent to initial recognition loans and receivables are carried at amortised cost using the effective interest method.

(t) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(u) Borrowings

All loans and borrowings are initially recognised at fair value, net of transactions costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statements over the period of the loans and borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(v) Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(w) Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in AUD, which is Solagran Limited's functional and presentation currency.

Transactions and balances

Transactions in foreign currency are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at balance date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating to the foreign rates of exchange ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

(x) Going Concern

The Group incurred a loss for the year of $10,352,128 (2008: $3,762,041) and a net cash outflow from operating activities of $5,738,916 (2008: $4,729,988 cash outflow)

As at 30 June 2009 the company had cash assets of $520,037 (30 June 2008: $4,660,068) and working capital of $3,140,287 (30 June 2008: $6,184,051)

Whilst the Company has sufficient cash and assets to meet its ongoing development and administration expenditure through to the end of the current financial year, the Directors recognise the need to raise additional funds to meet the working capital requirements in the future. Based on the ability to raise the additional working capital as can be evidenced in the past, the Directors consider it appropriate that the financial report be prepared on a going concern basis. The financial statements have been prepared on the basis that the entity can meet its financial obligations as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities as shown in the balance sheet.

(y) New Accounting Standards and Interpretations

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing this financial report: There is no material impact in relation to adopting these standards.

(i) AASB 3 (reissued March 2008) - Business Combinations

Applicable to business combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later. As there is no requirement to retrospectively restate comparative amounts for business combinations undertaken before this date, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.
However, due to the nature of some of the changes in the revised standard, business combinations that the entity undertakes after this date may in future impact negatively on the results of the entity. For example, acquisition costs will have to be expensed instead of being recognised as part of goodwill.

Specific changes in respect of step acquisitions and sell downs may introduce situations whereby adopting the revised standard may improve profitability.

(ii) AASB 3 (reissued March 2008) – Business Combinations

Also, deferred tax assets that do not satisfy recognition criteria when a business combination is initially accounted for, but do subsequently qualify for recognition post acquisition date, will be recognised as a credit to the income statement and there will be no consequential write-down of goodwill for a similar amount, provided that the deferred tax assets are recognised outside the initial measurement period of 12 months from acquisition date.

(ii) AASB 127 (reissued March 2008) - Consolidated and Separate Financial Statements

Applicable to periods commencing on or after 1 July 2009. As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

(iii) AASB 2008-3 (issued March 2008) Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, AASB 2, AASB 4, AASB 5, AASB 7, AASB 101, AASB 107, AASB 112, AASB 114, AASB 116, AASB 121, AASB 128, AASB 131, AASB 132, AASB 133, AASB 134, AASB 136, AASB 137, AASB 138, AASB 139, Interpretation 9 and Interpretation 107]

Applicable to periods commencing on or after 1 July 2009. As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

(iv) AASB 2008-1 (issued February 2008) – Amendments to AASB 2 – Share-based Payments – Vesting Conditions and Cancellations.

Applicable to periods commencing on or after 1 January 2009. To date the entity has not issued any options to employees that include non-vesting conditions and as such there will be no impact on the financial statements when this revised standard is adopted for the first time.

(v) AASB Interpretation 11 (issued Feb 2007) – AASB 2 – Group and Treasury Share Transactions

Applicable to periods commencing on or after 1 March 2007. There will be no impact because at the reporting date the entity has not issued any equity instruments to employees of subsidiaries.

(vi) IAS27, IAS 18 and IAS 36 (issued May 2008) – Consolidated and Separate Financial Statements, Revenue and Impairment of Assets.

Applicable to periods commencing on or after 1 January 2009. There will be no impact as these requirements are only required to be applied prospectively for periods commencing on or after 1 January 2009. However, any pre-acquisition dividends received after this date may result in additional impairment charges on investments in subsidiaries, associates and jointly controlled entities. This is because such amounts would previously have been written off directly against the cost of the investment, whereas in future they will be recognised as revenue which may result in the investment being stated at an amount exceeding recoverable amount.

(vii) IAS 27 (issued May 2008) – paragraphs 38B and 38C

Applicable to periods commencing on or after 1 January 2009. There will be no impact as these requirements are only required to be applied prospectively to reorganisations occurring in annual periods commencing on or after 1 January 2009.

(viii) Improvements to IFRS (issued May 2008) – Improvements to IFRSs

i. IAS 27 - Consolidated and separate Financial Statements.

Applicable to periods commencing on or after 1 January 2009. This amendment will have no impact when this amendment is first adopted because the entity used the cost method under IAS 27 to account for its investment in subsidiaries, associates and jointed controlled entities which will continue to be measure under IFRS 5.

ii. IAS 23 – Borrowing costs

Applicable for periods commencing on or after 1 January 2009. There will be no impact as these amendments merely clarify existing practice.

iii. IAS 36 – Impairment of Assets

Applicable for periods commencing on or after 1 January 2009. There will be no financial impact when these amendments are first adopted because these amendments relate to additional disclosure requirements only.

(ix) AASB 8 (issued Feb 2007) – Operating Segments

Applicable to periods commencing on or after 1 January 2009. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, disclosures required for the operating segments will be significantly different to what is currently reported (business and geographical segment).

(xi) AASB 101 –(revised Sep 2007) – Presentation of Financial Statements

Applicable to annual reporting periods commencing on or after 1 January 2009. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, there will be various changes to the way financial statements are presented and various changes to names of individual financial statements.

Note 2. Revenue

	Consolidated		Parent	
	2009	2008	2009	2008
		Restated		Restated
	$	$	$	$
From continuing operations				
Sales revenue				
Sales of goods	477,935	335,187	-	-
Sundry income	97,743	10,045	-	-
Royalty	-	922,500	-	922,500
	575,678	**1,267,732**	-	**922,500**
Other revenue	-	-	21,974	-
Interest income	80,377	185,596	79,593	79,278
Total revenue from continuing operations	**656,055**	**1,453,328**	**101,567**	**1,001,778**
Research and development grant	-	123,997	-	123,997
Overseas Subsidy	-	430,727	-	-
Total other income	-	**554,724**	-	**123,997**
Total revenue	**656,055**	**2,008,053**	**101,567**	**1,125,775**

During the 2009 year the company received R&D taxation concession from the Australian Taxation Office in the amount of $672,165. This has been reclassified as an income tax benefit in the accounts.

Note 3. Loss for the year includes the following

	Consolidated		Parent	
	2009	2008	2009	2008
		Restated		Restated
	$	$	$	$
Depreciation	484,727	470,254	-	-
Rental expense	239,637	206,111	68,591	63,000
Clinical trial costs (R&D)	917,554	788,823	112,460	43,783
Share based payment expense	2,415,219	454,000	2,415,219	454,000
Impairment Expense - Financial Investments	645,171	-	-	-
Impairment Expense - Patents and Trademarks	2,000,000	-	-	-
Inventory Writedown	386,475	-	-	-
Doubtful Debt Expense - Intercompany Loans	-	-	15,371,335	-

During the 2008/09 financial year, an allowance for the non-recovery of related party loans was made in the parent company for $15,371,335 (2008 nil). This provision is eliminated upon consolidation.

At the half year for December 08, the Group recognised an impairment loss of $417,500 in relation to its investment in Bioprospect Limited based on the movement in its share price between July and December 08.

Following impairment testing of goodwill and other intangible assets the Group identified an impairment loss of $2,000,000 relating to the carrying value of patents and trademarks. Discounted cashflows are based on assumptions and estimates concerning the future. These estimates and assumptions may change in the future or the actual results may be different to the amounts forecast. Any variation may result in material adjustments to the carrying amount of these assets.

The Group wrote down the carrying value of inventories to net realisable value in Australia by $386,475 during the year (2008: nil)

At the 2008 AGM, shareholders approved the issue of 28,000,000 ordinary shares to Solalife LLC at $0.30 per share. These shares will not vest unless Solagran's share price equals or exceeds predetermined price targets within 4 years of issue. If the share price targets are not reached the shares will be cancelled by the company. The shares were alotted to Solalife in February of this year.

The first tranche of 10,000,000 shares will only vest if Solagran's closing share price on the Australian Securities Exchange equal or exceed $0.80 per share for three consecutive trading days.

The second tranche of 10,000,000 shares will only vest should Solagran's closing share price on the Australian Securities Exchange equal or exceed $1.20 per share for three consecutive trading days.

The third tranche of 8,000,000 shares will only vest should Solagran's closing share price on the Australian Securities Exchange equal or exceed $1.60 per share for three consecutive trading days.

Note 4. Income tax

		Consolidated		Parent	
		2009	2008	2009	2008
			Restated		Restated
		$	$	$	$
(a)	**Income tax expense/(benefit)**				
	Current tax	(648,789)	-	(672,165)	-
	Deferred tax	-	-	-	-
		(648,789)	-	(672,165)	-
(b)	**Reconciliation of income tax expense to prima facie tax payable:**	**Consolidated**		**Parent**	
		2009	2008	2009	2008
		$	$	$	$
	Profit/(Loss) before income tax	(10,375,504)	(3,762,040)	(19,041,950)	(775,042)
	Prima facie income tax at 30%	(3,112,651)	(1,128,612)	(5,712,585)	(232,513)
	Tax effect of amounts not deductible in calculating taxable income:				
	Entertainment	2,094	1,079	956	441
	Share-based payments	724,566	180,600	724,566	180,600
	Impairment of inter-company loans	-	-	4,135,593	-
	Impairment of goodwill	600,000	-	-	-
	Impairment of available for sale financial assets	193,552	-	193,552	-
	Other permanent differences	(850,439)	-	(873,815)	-
		(2,442,878)	(946,933)	(1,531,733)	(51,472)
	Adjustment for subsidiary companies within consolidated tax group.	-	-	(848,247)	-
	Benefit of deferred tax assets not brought to account	1,787,234	946,933	1,232,008	51,472
	Income tax expense/(benefit)	(655,644)	0	(1,147,972)	-
(c)	**Deferred Tax Liabilities**	**Consolidated**		**Parent**	
		2009	2008	2009	2008
			Restated		Restated
		$	$	$	$
	Temporary differences	-	-	-	-
		-	-	-	-
	Off-set of deferred tax assets	-	-	-	-
	Net deferred tax liabilities recognised	-	-	-	-
(d)	**Unrecognised deferred tax assets arising on timing**	**Consolidated**		**Parent**	
		2009	2008	2009	2008
			Restated		Restated
		$	$	$	$
	Tax losses - Australia	4,162,872	2,930,864	4,162,872	2,930,864
	Tax losses - Russia	641,337	88,118	-	-
	Other temporary differences	8,085	-	-	-
		4,812,294	3,018,982	4,162,872	2,930,864
	Off-set of deferred tax liabilities	-	-	-	-
	Net deferred tax assets not brought to account	4,812,294	3,018,982	4,162,872	2,930,864
	The Solagran Group has elected to be consolidated for taxation purposes				

Note 5. Current assets – Cash and cash equivalents

	Note	Consolidated 2009	Consolidated 2008	Parent 2009	Parent 2008
			Restated		Restated
		$	$	$	$
Cash and cash equivalents	22	**520,037**	**4,660,068**	**257,353**	**4,284,439**

Note 6. Current assets – Trade and other receivables

Current Assets - Trade and Other Receivables	Note	Consolidated 2009	Consolidated 2008	Parent 2009	Parent 2008
			Restated		Restated
		$	$	$	$
Trade receivables	22	553,980	756,911	-	-
Other receivables		890,727	480,267	343,934	104,178
Prepayments		-	2,197	-	2,197
Tax refunds		36,297	136,494	31,246	66,642
		1,481,003	**1,375,868**	**375,180**	**173,017**

	Consolidated Entity Gross	Consolidated Entity Impairment	Consolidated Entity Gross	Consolidated Entity Impairment
			Restated	Restated
	2009	2009	2008	2008
Ageing and Impairment losses				
Not past due	553,980	-	748,249	-
Past due 0-30 days	-	-	-	-
Past due 31-60 days	-	-	5,549	-
Over 60 days	-	-	3,112	-
	553,980	-	756,910	-

All trade receivables are considered recoverable at balance date.

Note 7. Current assets – Inventories

	Consolidated 2009	Consolidated 2008	Parent 2009	Parent 2008
		Restated		Restated
	$	$	$	$
Raw materials	1,259,617	1,681,922	-	-
WIP	1,455,201	437,378	-	-
Finished goods	4,290	4,925	-	-
	2,719,108	**2,124,224**	-	-

At year end, the Group wrote down the carrying value of local inventories by $386,475.

Note 8. Non current assets – Receivables

	Consolidated 2009	Consolidated 2008 Restated	Parent 2009	Parent 2008 Restated
	$	$	$	$
Loans and related parties				
Loan to Solathera Limited	-	-	11,992,615	9,632,264
Less allowance for impairment	-	-	(10,495,009)	-
Loan to SibEX LLC	-	-	6,564,149	3,190,045
Less allowance for impairment	-	-	(4,876,326)	-
	-	-	3,185,430	12,822,309

No interest is payable and there is no set date for repayment for the loan to Solathera Limited

To 30 June 09, no interest is payable on the loan to SibEX LLC and there is no set date of repayment.

(a) Impaired receivables and receivables past due

Impairment charges were raised against the following intercompany loans during the year

Loan to Solathera Limited	$10,495,009
Loan to SibEX LLC	$4,876,326

(b) Fair values

The fair value of non-current receivables cannot be determined as there are no set repayment terms on these loans

(c) Risk Exposure

Information about the group and parent entity's risk exposure to credit risk, foreign exchange and interest rate risk is provided in note 22.

Note 9. Non current assets – Other financial assets

	Consolidated 2009	Consolidated 2008 Restated	Parent 2009	Parent 2008 Restated
	$	$	$	$
Investment in controlled entity (Solathera) - at cost	-	-	8,750,000	8,750,000
Investment in controlled entity (SIBEX) - at cost	-	-	4,871,035	4,871,035
Investment in controlled entity (Solagran NV) - at cost	-	-	31,973	-
	-	-	13,653,008	13,621,035

Note 10. Non current assets – Available-for-sale financial assets

	Consolidated 2009	Consolidated 2008 Restated	Parent 2009	Parent 2008 Restated
	$	$	$	$
Investment in BioProspect	549,764	505,000	549,764	505,000

Solagran holds 32,339,041 fully paid ordinary shares in Bioprospect Limited (BPO)

Note 11. Non current assets – Property, plant and equipment

	Consolidated 2009	Consolidated 2008 Restated	Parent 2009	Parent 2008 Restated
	$	$	$	$
Land and Buildings	147,500	147,500	-	-
Motor Vehicles - at Cost	61,000	-	-	-
Plant and Equipment - at cost	6,212,365	4,907,113	-	-
Less accumulated depreciation	(922,409)	(31,635)	-	-
	5,498,456	5,022,978	-	-

Reconciliations

	Consolidated 2009	Consolidated 2008 Restated	Parent 2009	Parent 2008 Restated
Land and Buildings - at cost	147,500	147,500	-	-

Motor Vehicles	2009	2008 Restated	2009	2008 Restated
	$	$	$	$
Carrying amount at beginning of the financial year	-	-	-	-
Additions	61,000	-	-	-
Depreciation Expense	(10,000)	-	-	-
Carrying amount at the end of the financial year	51,000	-	-	-

Plant, furniture and office equipment	2009	2008 Restated	2009	2008 Restated
	$	$	$	$
Carrying amount at beginning of the financial year	4,875,478	31,408	-	-
Additions	751,705	5,314,324	-	-
Depreciation Expense	(474,727)	(470,254)	-	-
Carrying amount at the end of the financial year	5,152,456	4,875,478	-	-

Research and Development Equipment	2009	2008 Restated	2009	2008 Restated
	$	$	$	$
Carrying amount at beginning of the year	3,062	-		
Additions	-	3,062	-	-
Carrying amount at the end of the year	3,062	3,062	-	-

Note 12. Non current assets – Intangibles

	Consolidated	
	2009	2008
		Restated
	$	$
Goodwill	3,062,694	3,032,828
Patents and trademarks - at cost	7,577,130	7,576,714
Less Impairment	(2,000,000)	-
Total Intellectual Property and Intangibles	**8,639,824**	**10,609,542**

Reconciliations

	Consolidated entity Goodwill	
	2009	2008
		Restated
	$	$
Carrying amount at the beginning of financial year	3,032,828	132,249
Additions	29,866	2,900,579
Carrying amount at end of financial year	**3,062,694**	**3,032,828**

	Patents and Trademarks	
	2009	2008
		Restated
	$	$
Carrying amount at the beginning of financial year	7,576,714	7,572,713
Additions	416	4,001
Less Impairment	(2,000,000)	-
Carrying amount at end of financial year	**5,577,130**	**7,576,714**

Patents and trademarks have an indefinite useful life and are carried at cost less any impaired losses. Patents and trademarks are tested for impairment annually, the Cash Generating Unit (CGUs) has been determined to include all non-current assets of the Group.

(a) Key assumptions used for value-in use calculations

The recoverable amount of Patents and Trademarks have been assessed for impairment during the period based on terminal value calculations.

Growth Rate %	Gross Margin %	Discount Rate %
2-5%	35%	12%

Gross margin is based on past experience and represents the lower end of gross margins achieved to date. For the purposes of this calculation a growth rate of 5% has been used in the first two years, followed by a terminal value calculation using a 2% growth.

(a) Key assumptions used for value-in use calculations

The recoverable amount of Patents and trademarks have been assessed for impairment during the period based on value-in-use calculations.

Note 13. Current liabilities – Trade and other payables and Borrowings

All trade and other payables are expected to be settled within the next 12 months.

	Consolidated		Parent	
	2009	2008	2009	2008
		Restated		Restated
	$	$	$	$
Trade Payables	1,022,033	1,373,304	442,261	1,179,198
Accrued Payroll Liabilities	135,611	347,250	-	-
Accrued Taxation Liabilities	232,216	73,736	-	-
Total Trade Payables and Accruals	**1,389,861**	**1,794,290**	**442,261**	**1,179,198**

	Consolidated		Parent	
	2009	2008	2009	2008
		Restated		Restated
	$	$	$	$
Bank Facility	190,000	181,818	-	-

Note 14. Non Current Liabilities

	Consolidated		Parent	
	2009	2008	2009	2008
		Restated		Restated
	$	$	$	$
Bank Facility	-	-	-	-
Provision for Taxation	95,880	-	-	-
Income Received In Advance	157,040	-	-	-
	252,920	-	-	-

(a) Risk exposure

Information about the Group's and parent entity's risk exposure to foreign exchange risk is provided in note 22.

Details of the Group's exposure to risks arising from current borrowings are set out in note 22.

Note 15. Contributed equity

	Parent (Shares)		Parent ($)	
	2009	2008	2009	2008
		Restated		Restated
Share capital				
Ordinary Shares - fully paid	246,026,588	171,198,086	63,715,556	59,131,157
Contributing Shares - paid to 15 cents	-	46,828,502	-	2,302,523
Contributing Shares - paid to 10 cents	12,227,421		1,222,742	
	258,254,009	218,026,588	64,938,298	61,433,680
Movements in ordinary share capital				
Opening balance 1 July 2008	171,198,086		59,131,157	
Adjustment carry forward balance	(9,000)		-	
Conversion of Contributing Shares - SLACF	46,837,502		4,584,399	
Issued to Solalife following AGM	28,000,000		-	
Closing Balance Ordinary Shares 30 June 09	**246,026,588**		**63,715,556**	
Movements in contributing share capital				
Opening Balance 1/7/2008 SLACF	46,837,502		-	
Payment of call during year SLACF	(46,837,502)		-	
New contributing shares issued during the year SLACA	12,227,421		1,222,742	
Closing Balance 30 June 2009 SLACA	**12,227,421**		**1,222,742**	

Holders of fully paid shares (SLA) will be entitled to one vote per share at a meeting of the company. Holders of contributing shares (SLACA) shall be entitled to a fraction of a vote for every partly paid share proportional to the amount paid up per partly paid share, registered in such shareholder's name on the company share register.

Dividends are payable out of the Company's profit and from time to time may be declared at by the Directors at their discretion. Dividends declared on fully paid and partly paid shares will be payable at an amount per share determined by the Directors.

(a) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or reduce debt.

Consistently with companies within this industry at this stage of their commercial development, the Group and the parent entity monitor capital on the basis of the capital required to meet overheads and complete the necessary production facilities. Against this background the directors consistently monitor the gearing ratio which will become important when income is generated. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet (including minority interest) plus net debt.

During 2009, the Group's strategy, which was unchanged from the prior year, was to maintain a gearing ratio within 10% to 40% and a BB credit rating. The gearing ratio's at 30 June 2009 and 30 June 2008 were as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
		Restated		Restated
	$	$	$	$
Total Borrowings	190,000	774,093	-	592,273
Less: Cash and Cash Equivalents	(520,037)	(4,660,068)	258,854	4,284,439
Net Debt	(330,037)	(3,885,975)	(258,854)	(3,692,166)
Total Equity	17,578,474	21,732,360	17,578,474	30,226,602
Total Capital	17,248,437	17,846,385	17,319,620	26,534,436
Gearing Ratio	-2%	-22%	-1%	-14%

Note 16. Reserves

	Consolidated		Parent	
	2009	2008	2009	2008
		Restated		Restated
Share-based reserve	$	$	$	$
Opening Balance	684,000	230,000	684,000	230,000
Option Issue	264,488	454,000	264,488	454,000
Issue of 28,000,000 shares to Solalife	2,256,526	-	2,256,526	
Cancellation of 4,000,000 options D Kilroy	(105,795)	-	(105,795)	-
Closing Balance	**3,099,219**	**684,000**	**3,099,219**	**684,000**

The share based payment reserve represents the value of options issued to directors. The reserve will be reversed against share capital when the options are converted into shares by the option holder. At the 2008 AGM, shareholders approved the issue of 28,000,000 shares to Solalife LLC at $ 0.30 per share. These shares remain subject to escrow conditions and will only vest on the agreed price targets being met during the 4 years period from issue.

	Consolidated		Parent	
	2009	2008	2009	2008
		Restated		Restated
Asset Revaluation reserve	$	$	$	$
Opening Balance	(417,500)	-	(417,500)	-
Reserve reversed to P&L at half year	417,500	-	417,500	-
Fair value adjustment 30 June 09	64,679	-	64,679	-
Closing Balance	**64,679**	- 417,500	**64,679**	**(417,500)**

The asset revaluation reserve includes the cumulative net change in the fair value of available-for-sale investments.

	Consolidated		Parent	
	2009	2008	2009	2008
		Restated		Restated
Foreign Currency Translation Reserve	$	$	$	$
Opening Balance	-	-	-	-
Foreign Currency Translation Arising During the Year	(119,235)	-	-	-
Closing Balance	**(119,235)**	-	-	-
Total Reserves	**3,044,663**	**266,500**	**3,163,898**	**266,500**

The foreign currency translation reserve records the adjustments required for subsidiaries with a different functional currency to the parent.

Note 17. Accumulated losses

	Consolidated		Parent	
	2009	2008	2009	2008
		Restated		Restated
	$	$	$	$
Accumulated Losses at the beginning				
of the financial year	(40,052,359)	(36,807,131)	(31,473,578)	(30,813,738)
Adjustment for prior year consolidation	-	516,813	-	115,204
Net (loss) attributable to members	(10,098,895)	(3,696,580)	(19,050,144)	(775,044)
Income Tax Paid - Russia	23,376	-	-	-
Net (loss) attributable to minority interests	(276,610)	(65,461)	-	-
Accumulated Losses at the end of the financial year	(50,404,487)	(40,052,359)	(50,523,722)	(31,473,578)

Note 18. Minority Interest

	Consolidated		Parent	
	2009	2008	2009	2008
		Restated		Restated
	$	$	$	$
Share Capital	150,000	150,000	-	-
Reserves	-	-	-	-
Accumulated Losses	(150,000)	(65,461)	-	-
	-	84,539	-	-

The interests of minority shareholders has been determined as nil at the end of June 2009 due to the minority interest's share of accumulated losses exceeding its share capital position.

Note 19. Loss per share

	Consolidated (Cents)	
	2009	2008
		Restated
Basic loss per share	(4.4)	(2.9)
Diluted loss per share	(4.4)	(2.9)
	Consolidated (Shares)	
	2009	2008
		Restated
Weighted average number of ordinary shares used in calculating basic loss per share	231,606,572	128,205,976
	Consolidated	
	2009	2008
		Restated
	$	$
Earnings used in calculating basic and diluted earnings per share	(10,098,895)	(3,696,580)

There are currently 12,227,421 unlisted options over ordinary shares exercisable at $0.20 on or before 30 Nov 2010. In addition, the Executive Chairman was issued 6,000,000 options at $0.50 exercisable on or before 30 Nov 2011. Upon exercise these options would have an anti-dilutive effect on the company.

Note 20. Reconciliation of cash flow from operations with profit/(loss) from ordinary activities after income tax expense

	Consolidated		Parent	
	2009	2008 Restated	2009	2008 Restated
	$	$	$	$
Profit/(loss) after income tax expense	(10,375,504)	(3,762,041)	(19,041,950)	(775,042)
Non-cash flows in (loss) from ordinary activities				
Depreciation	484,727	470,254	-	-
Doubtful Debts	-	-	15,371,335	-
Impairment	2,645,171	-	645,171	-
Debts written off		-	(74,170)	-
Share based payments	2,415,219	454,000	2,415,219	454,000
Licencing Fees - Bioprospect	-	(922,501)	-	(922,501)
Income tax paid	23,376	-	-	
Changes in assets and liabilities	-	-	-	-
(Increase)/decrease in receivables	(89,631)	(307,718)	(202,164)	(149,674)
(Increase)/decrease in inventories	(594,884)	(451,370)	-	-
Increase/(decrease) in payables	(247,390)	(210,614)	(736,937)	1,014,432
Net cashflow from operating activities	(5,738,916)	(4,729,990)	(1,623,496)	(378,785)

Note 21. Controlled entities

	Country Of Incorporation	Share Class	Ownership % 2009	Ownership % 2008
Solathera Limited	Australia	Ordinary	100%	100%
SibEX LLC	Russia	Ordinary	85%	85%
Solagran Netherlands BV	Netherlands	Ordinary	100%	0%

Solagran Netherlands BV was incorporated in 2009.

Note 22. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, aging analysis for credit risk.

The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

a) Market Risk

(i) Foreign Exchange Risk

The Group and the parent entity operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Russian Rouble.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's exposure to foreign currency risk at the reporting date was as follows:

		2009	2008
		RUB	RUB
		000s	000s
Trade Receivables		12,433	15,444
Loans		139,206	74,181
Trade Payables		9,132	8,032
		160,771	97,657

Group Sensitivity

Based on the financial instruments held at 30 June 2009 had the Australian dollar weakened/strengthened by 10% against the Russian Rouble with all other variables held constant, the Group's post tax profit for the year would have been $582,293 higher/$711,691 lower, mainly as a result of foreign exchanges gains/losses on translation of the Russian Rouble.

The Parent entity is not subject to foreign exchange risk.

(ii) Cash flow and interest rate risk

The Group's only interest rate risk arises from cash and cash equivalents held. Term deposits and current accounts held with variable interest rates expose the group to cash flow interest rate risk.

The Company does not consider this to be material to the Group and have therefore not undertaken any further analysis of risk exposure.

The following sets out the Group's exposure to interest rate risk, including the effective weighted average interest rate by maturity periods.

(ii) Price risk

The Group is exposed to equity securities price risk in relation to it's investment in BioProspect.

The Group does not currently manage it's price risk in relation to investments in equity securities and therefore has not adopted any formal policies in relation to risk management as the exposure to price risk is not considered material.

The Group has not disclosed a sensitivity analysis in relation to it's exposure to securities as it is not considered significant.

b) Credit risk exposure

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables from customers and cash and cash equivalents. For the Company and Group it arises from trade receivables and cash and cash equivalents. The parent has credit risk in the intercompany receivables.

The credit risk on financial assets of the consolidated entity, which have been recognised in the balance sheet, other than investments in shares, is generally the carrying amount, net of any allowance for doubtful debts. The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by it.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

Financial assets that are neither past due and not impaired are as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
		Restated		Restated
	$	$	$	$
Financial assets counterparties without external credit rating	-	-	-	-
Existing customers with no defaults in the past	1,481,003	1,367,207	4,771,455	9,805,281
Existing customers with defaults in the past	-	-	-	-
	1,481,003	1,367,207	4,771,455	9,805,281
Cash and cash equivalents				
AA S&P rating	**520,037**	**4,660,068**	**257,353**	**4,284,439**

c) Liquidity Risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The financial director monitors the cash position of the group on a weekly basis. Money is held on deposit to cover any shortfalls.

As at reporting date the Group had sufficient cash reserves to meet its requirements. The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

	Less than 6 Months	6 -12 months	1-2 years	2-5 years	Over 5 years	Total Contractual Cashflows	Carrying amount
As at 30 June 09							
Trade and Other Payables	1,022,033	-	-	-	-	**1,022,033**	1,022,033
Borrowings	190,000	-	-	-	-	**190,000**	190,000
As at 30 June 08 (restated)							
Trade and other payables	1,373,304	-	-	-	-	**1,373,304**	1,373,304
Borrowings	181,818	-	592,273	-	-	**774,091**	774,091

Parent

	Less than 6 Months	6 -12 months	1-2 years	2-5 years	Over 5 years	Total Contractual Cashflows	Carrying amount
As at 30 June 09							
Trade and Other Payables	442,261	-	-	-	-	**442,261**	442,261
Borrowings	-	-	-	-	-	-	-
As at 30 June 08 (restated)							
Trade and other payables	1,179,196	-	-	-	-	**1,179,196**	1,179,196
Borrowings	-	-		-	-	-	-

c) Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts due to their short term nature.

Note 23. Events occurring subsequent to balance date

In July 2009, Solagran announced that it had entered into a strategic partnership with the Salim Group, a leading Asian business group with significant interests in the food processing, animal husbandry, agriculture and distribution sectors.

A nominee of the Salim Group subscribed for 36,916,918 ordinary shares in Solagran Limited injecting approximately $5.54 million into the company.

Note 24. Related party transactions

a) Key management personnel

Disclosures relating to key management personnel are set out in Note 25.

b) Subsidiaries

The Subsidiaries group consists of Solagran Limited, its wholly owned controlled entity Solathera Limited, Solagran Netherlands BV and the 85% owned Siberian Company SibEx Limited.

Transactions between Solagran Limited and Solathera Limited during the years ended 30 June 2009 and 30 June 2008 consisted of loans advanced by Solagran Limited. There is no fixed term for repayment of the loans advanced by Solagran Limited and no interest is payable on either loan at 30 June 2009..

Aggregate amounts receivable from Solathera Limited and SibEX LLC at balance date:

`	2009	2008
		Restated
	$	$
Non current receivables (loans)	18,556,764	12,822,308

c) Transactions with related parties

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

A director, Dr V Soultanov, is a director and shareholder of Eastok Pty Ltd. Solagran Limited has paid Eastok Pty Ltd for the rental of storage space for office records, trial data and materials, trial equipment, raw materials and for staff services to Solagran Limited. During 2009, Eastock purchased stock for resale from Solathera Ltd, a wholly owned subsidiary of Solagran Limited, on normal commercial terms.

Amounts recognised as an expense	2009	2008
		Restated
	$	$
Services provided by Eastok Pty Ltd	116,400	63,000

Amounts recognised as income	2009	2008
		Restated
	$	$
Product sold to Eastok Pty Ltd	98,587	-

Mr D Kilroy (former director) is a director and shareholder of The KBA Consulting Group Pty Ltd. During the year Solagran Limited paid office rent and other overhead expenses to The KBA Consulting Group Pty Ltd.

Amounts recognised as an expense	2009	2008
		Restated
	$	$
Office rental and overheads	53,887	164,069

Note 25. Key management personnel disclosures

Detailed key management personnel remuneration disclosures are in audited remuneration report.

a) Directors

The following persons are key management personnel of Solagran Limited who are also the directors of the company during the financial year:

Chairman – executive
Dr. V Soultanov

Executive directors
Mr C Pellegrino (resigned 15 December 2008)
Mr D Kilroy (resigned 6 February 2009)
Mr A Kurganov (appointed 6 February 2009)
Mr B Jovanovic (appointed 6 February 2009)
Mr P Stedwell (deceased 30 March 2009)

b) Key Management Personnel Compensation

	Group		Parent	
	2009	2008	2009	2008
		Restated		Restated
Short term employee benefits	548,155	421,688	548,155	421,688
Share based payments	158,693	454,610	158,693	454,610
	706,848	876,298	706,848	876,298

Detailed remuneration disclosures are provided in the remuneration report included in the directors report.

b) Directors' Interests in Shares and Options

(i) Share holdings

The relevant interests of each Director in the share capital of the Company as at 30 June 2009 are as follows:

Name		Balance 1 July 2008	Options Exercised	Other Changes	Balance 30 June 2009
Ordinary Shares					
Directors					
Dr V Soultanov	Direct	195,809	-	-	195,809
Dr V Soultanov	Indirect	12,287,810	-	(7,366,776)	4,921,034
Mr B Jovanovic		-	-	-	-
Mr A Kurganov	Direct	-	-	-	-
Mr A Kurganov	Indirect	3,000,000	-	-	3,000,000
Mr A Solaimain		-			
Former Directors					
Mr C Pellegrino	Indirect	3,916,361	-	(3,916,361)	-
Mr D Kilroy	Direct	140,337	-	(140,337)	-
Mr D Kilroy	Indirect	9,727,355	-	(9,727,355)	-
Mr P Stedwell	Indirect	1,956,650	-	(1,956,650)	-
Mr R Payne	Direct	-	-	-	-
Contributing Shares					
Dr V Soultanov	Indirect	1,732,151	-	(1,712,569)	19,582

The relevant interests of each Director in the share capital of the Company as at 30 June 2008 are as follows:

		Balance 1 July 2007	Options Exercised	Other Changes	Balance 30 June 2008
Ordinary Shares					
Director					
Dr V Soultanov	Direct	195,809	-	-	195,809
Dr V Soultanov	Indirect	8,202,633	150,000	4,085,177	12,287,810
Former Directors					
Mr C Pellegrino	Indirect	3,916,361	80,000	-	3,916,361
Mr D Kilroy	Direct	110,377	-	29,960	140,337
Mr D Kilroy	Indirect	6,882,728	120,000	2,844,627	9,727,355
Mr P Stedwell	Indirect	827,012	80,000	1,129,638	1,956,650
Contributing Shares					
Director					
Dr V Soultanov	Indirect	1,682,151	-	50,000	1,732,151
Former Directors					
Mr C Pellegrino	Indirect	3,562,090	-	-	3,562,090
Mr D Kilroy	Direct	196,172	-	-	196,172
Mr D Kilroy	Indirect	4,848,786	-	50,000	4,898,786

(ii) Option holdings

The relevant interests of each Director in options of the Company as at 30 June 2009 (30 June 2008 no options were on issue) are as follows:

Name		Balance July 1 2008	Granted during the year	Exercised	Other changes	Balance June 30 2009	Vested and exercisable	Unvested
Directors								
Dr V Soultanov	Direct	-	6,000,000	-	-	6,000,000	-	6,000,000
Dr V Soultanov	Indirect	-	-	-	-	-	-	-
Mr B Jovanovic	Direct	-	-	-	-	-	-	-
Mr A Kurganov	Direct	-	-	-	-	-	-	-
Mr A Kurganov	Indirect	-	-	-	-	-	-	-
Mr A Solaimain	Direct	-	-	-	-	-	-	-
Former Directors								
Mr C Pellegrino	Indirect	-	-	-	-	-	-	-
Mr D Kilroy	Direct	-	4,000,000	-	(4,000,000)	-	-	-
Mr D Kilroy	Indirect	-	-	-	-	-	-	-
Mr P Stedwell	Indirect	-	-	-	-	-	-	-
Mr R Payne	Direct	-	-	-	-	-	-	-

Name		Balance July 1 2007	Granted during the year	Exercised	Other changes	Balance June 30 2008	Vested and exercisable	Unvested
Directors								
Dr V Soultanov	Direct	-	-	-	-	-	-	-
Dr V Soultanov	Indirect	-	150,000	(150,000)	-	-	-	-
Mr B Jovanovic	Direct	-	-	-	-	-	-	-
Mr A Kurganov	Direct	-	-	-	-	-	-	-
Mr A Kurganov	Indirect	-	-	-	-	-	-	-
Mr A Solaimain	Direct	-	-	-	-	-	-	-
Former Directors								
Mr C Pellegrino	Indirect	-	80,000	(80,000)	-	-	-	-
Mr D Kilroy	Direct	-	-	-	-	-	-	-
Mr D Kilroy	Indirect	-	120,000	(120,000)	-	-	-	-
Mr P Stedwell	Indirect	-	80,000	(80,000)	-	-	-	-
Mr R Payne	Direct	-	-	-	-	-	-	-

Details of options provided as remuneration and shares issued on any exercise of such options, together with terms and conditions can be found within the Directors' Report.

Note 26. Segment information

The consolidated entity develops, produces and sells Bioeffectives® products in Australia and Russia.

Secondary reporting – geographical segments

2009	Bioffective Production and Sales	Bioffective Production and Sales	Total
	Australia	Russia	
Segment revenue for sales to external customers	302,773	175,162	477,935
Adjusted EBITDA	(8,508,064)	(1,359,337)	(9,867,401)
Impairment of Patents and Trademarks	(2,000,000)	-	(2,000,000)
Total Segment Assets	11,764,135	7,647,120	19,411,255
Total Segment Liabilities	1,832,781	1,957,880	3,790,661

2008	Bioffective Production and Sales	Bioffective Production and Sales	Total
	Australia	Russia	
Segment revenue for sales to external customers	169,551	165,636	335,187
Adjusted EBITDA	(2,830,287)	184,545	(2,645,742)
Total Segment Assets	17,680,925	6,619,818	24,300,743
Total Segment Liabilities	2,568,383	2,669,545	5,237,929

Accounting policies

Segment information is prepared in conformity with Accounting Standard AASB 114 Segment Information and the following accounting policy:

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of accumulated depreciation and amortisation. While most of these assets can be directly attributed to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors. Segment assets and liabilities do not include deferred income taxes.

Note 27. Remuneration of auditors

During the year the following amounts were paid to the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated			Parent	
	2009	2008 Restated		2009	2008 Restated
	$	$		$	$
Audit and Assurance Services					
BDO Kendalls Audit and Assurance (WA) Pty Ltd	66,352	32,983		66,352	32,983
D Penman and Co	3,000	3,000		-	-
Tomsk Audit	10,000	8,000		-	-
Total remuneration for audit services	79,352	43,983		66,352	32,983
Taxation and accounting services provided by related practice of auditor BDO Kendalls (NSW-VIC) Pty Ltd	174,706	21,000		174,706	21,000

Note 28. Contingencies

The parent entity and consolidated entity had no contingent liabilities or contingent assets at 30 June 2009.

Note 29. Capital and Leasing Commitments

a) Capital commitments

The parent entity and consolidated entity had no capital commitments as at 30 June 2009.

b) Lease commitments

The parent entity and consolidated entity had a lease commitment for its premises at Level 1,480 St Kilda Road Melbourne as at 30 June 2009.

	Consolidated			Parent	
	2009	2008 Restated		2009	2008 Restated
	$	$		$	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:					
Within one year	95,000	-		95,000	-
Later than one year but less than five years	385,424	-		385,424	-
	480,424	-		480,424	-

Note 30. Share-based Payments

Grant date	Expiry date	Exercise price	Balance at start of year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of year Number	Vested and exercisable at end of year Number
Consolidated and parent entity – 2009								
1 Dec 08	30 Nov 11	$0.50	-	10,000,000	-	(4,000,000)	6,000,000	-
28 Nov 08	28 Nov 12	$0.30	-	10,000,000	-	-	10,000,000	-
28 Nov 08	28 Nov 12	$0.30	-	10,000,000	-	-	10,000,000	-
28 Nov 08	28 Nov 12	$0.30	-	8,000,000	-	-	8,000,000	-
Total			-	38,000,000	-	(4,000,000)	34,000,000	-
Weighted average exercise price			$0.00	$0.35	$0.00	$0.50	$0.34	$0.00

Grant date	Expiry date	Exercise price	Balance at start of year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of year Number	Vested and exercisable at end of year Number
Consolidated and parent entity – 2008								
17 Sep 07	30 Apr 08	$0.20	430,000	-	(430,000)	-	-	-
Total			430,000	-	(430,000)	-	-	-
Weighted average exercise price			$0.20	$0.00	$0.20	$0.00	$0.00	$0.00

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2009 was $0.00 (2008: $0.20).

The weighted average remaining contractual life of the share options outstanding at the end of the period was 3.74 years (2008: 0.4 of a year).

Fair value of options granted

The assessed fair value at the grant date of options granted during the year ended 30 June 2009 was $0.03 and $0.08 (2007: $1.06). The fair value at grant date is determined independently using the Black Scholes and Trinomial Barrier option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2009 are:

(a) Options are issued for no consideration and vest generally for key management personnel between one and three years after grant date and for employees one year after grant date.

(b) Exercise price	(c) Grant date	(d) Expiry date	(e) Share price at grant date	(f) Expected price volatility	(g) Expected dividend yield	(h) Risk free interest rate
$0.20	1 Dec 08^	30 Nov 11	$0.19	55.00%	n/a	4.30%
$0.30	28 Nov 08*	28 Nov 12	$0.19	80.00%	n/a	3.97%
$0.30	28 Nov 08*	28 Nov 12	$0.19	80.00%	n/a	3.97%
$0.30	28 Nov 08*	28 Nov 12	$0.19	80.00%	n/a	3.97%

^ Options valued using the Black Scholes option pricing model.

* Options valued using Trinomial Barrier pricing model.

The model inputs for the options granted during the year ended 30 June 2008 are:

(b) Exercise price	(c) Grant date	(d) Expiry date	(e) Share price at grant date	(f) Expected price volatility	(g) Expected dividend yield	(h) Risk free interest rate
$0.20	17 Sep 07	30 Apr 08	$1.25	30.31%	n/a	6.00%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Note 31. Correction of error in previous financial year

Correction of error in nature and classification of borrowings from the Annual Report dated 30 June 2008

Due to the incorrect classification of borrowings held within SibEX LLC, a Siberian based subsidiary, the non-current borrowings have been reduced by $2,597,771 at 30 June 2008 with a corresponding decrease in Intangibles assets of $2,597,771 within the consolidated entity. The correction caused a change in the parent entity by increasing the intercompany receivables by $2,597,771 and a decrease in other financial assets of $2,597,771. The cause of the error is the result of the borrowings being considered to be external borrowings in the past however further evidence has arisen to prove the nature of loans are through intercompany and therefore should be eliminated from the Balance Sheet of the Group. The error had no impact on the consolidated or parent accumulated losses and the net asset position of the Group remains unchanged at $21,732,362 as at 30 June 2008.

The error has been corrected by restating each of the affected financial statement line items for the prior year, as described above.

Note 32. Variances Between Final Financial Report and Appendix 4E

The Appendix 4E lodged on the 31 August 2009 was based on preliminary figures which were subject to review.

Between these two reports there has been a number of adjustments. The material adjustments are as follows:.
(i)Share based payment expense of $2,256,526 for the issue of 28,000,000 shares to Solalife LLC approved by shareholders at the 2008 Annual General Meeting.

(ii) The write down of inventory held in Australia for $386,475.

(iii) The reclassification of the Research and Development concession received from the Australian Taxation Office as an income tax benefit.

For comparability, please find below the balance sheet and income statement incorporated into the Appendix 4E and this Annual Report.

Balance Sheet	Appendix 4E	09 Accounts
	$	$
Current Assets		
Cash and Cash Equivalents	520,037	520,037
Trade and Other Receivables	1,481,003	1,481,003
Inventories	3,105,583	2,719,108
Total Current Assets	**5,106,623**	**4,720,148**
Non-Current Assets		
Receivables	-	-
Other Financial Assets	-	-
Available-for-Sale Financial Assets	646,781	549,764
Property, Plant and Equipment	5,501,518	5,501,518
Intellectual Property	9,839,374	8,639,824
Total Non-Current Assets	**15,987,674**	**14,691,107**
TOTAL ASSETS	**21,094,297**	**19,411,255**
Current Liabilities		
Trade and Other Payables	1,546,901	1,389,861
Borrowings	190,000	190,000
Total Current Liabilities	**1,736,901**	**1,579,861**
Non-Current Liabilities		
Borrowings	95,880	95,880
Total Non-Current Liabilities	**95,880**	**95,880**
TOTAL LIABILITIES	**1,832,781**	**1,675,741**
NET ASSETS	**19,261,516**	**17,735,514**
Contributed Equity	64,938,298	64,938,298
Reserves	2,212,878	3,044,663
Accumulated Losses	(48,021,660)	(50,404,487)
Minority Interest	132,000	-
TOTAL EQUITY	**19,261,516**	**17,578,474**

Revenue from continuing operations	621,426		656,055
Other Income	672,165		23,376
Cost of goods sold	473,015		527,407
Employee benefits expenses	781,805		781,805
Depreciation expenses	420,520		484,727
Impairment Expense	2,645,171		2,645,171
Inventory writedown	-		386,475
Share Based Payment Expense	158,693		2,415,219
Consultancy and contract expenses	495,399		495,399
Administration expenses	2,300,456		1,078,705
Lisitng and share registry fees	-		138,912
Operating Expenses Suberian Production Facility	-		1,231,159
Doubtful Debts Expense - Intercompany Loans	-		-
Marketing expenses	349,190		349,190
Manufacturing expenses	146,734		146,734
Loss on foreign exchange movements	(42,254)		(21,974)
Clinical trial costs (Research and Development)	917,554		917,554
Other expenses	126,932		127,243
Profit/(loss) before income tax expense	(7,479,623)		(11,024,294)
Income tax benefit	-		648,789
Profit / (loss) from continuing operations	(7,479,623)		(10,375,505)
Profit / (loss) attributable to minority interest	(276,610)		(276,610)
Profit / (loss) to the members of Solagran Limited	(7,203,014)		(10,098,895)

In the Directors' opinion:

(a) The financial statements set out in this Report are in accordance with the Corporations Act 2001, and:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of the performance for the year ended on that date of the company.

(b) In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) The remuneration disclosures included in the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2009, comply with section 300A of the Corporations Act 2001.

(d) The Directors have been given the declarations by the company secretary as required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by;

Vagif Soultanov
Chairman

Melbourne, Victoria, 30 September 2009

BDO Kendall

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOLAGRAN LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Solagran Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls 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 (a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 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 opinions.

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 would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

Auditor's Opinion

In our opinion:

(a) the financial report of Solagran Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

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

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

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion, we draw attention to the income statements in the financial report which indicates that the group incurred a net loss of $10,375,504 during the year ended 30 June 2009. This condition, along with other matters as set forth in Note 1 (x), indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Significant Uncertainty Regarding Recoverability of Investments

Without qualification to the opinion expressed above, we draw attention to Note 9 to the financial statements. Solagran Limited has an investment in Solathera Limited with a carrying value of $4,871,035 and an investment in Sibex Ltd with a carrying value of $8,750,000, the recoverability of which remains uncertain as it is dependent upon the successful exploitation of the consolidated entity's products and technology. Should the consolidated entity be unable to successfully exploit its products and technology, the investments may be realised at values other than those recorded in the 30 June 2009 accounts.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. 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 of Solagran Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

Peter Toll
Director

Signed in Perth, Western Australia

Dated this 30th day of September 2009

BDO Kendall

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30 September 2009

The Directors
Solagran Limited
Level 1, 480 St Kilda Road
MELBOURNE VIC 3004

Dear Sirs

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF SOLAGRAN LIMITED

As lead auditor of Solagran Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Solagran Limited and the entities it controlled during the period.

Peter Toll
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia.

Solagran Limited (the Company) and the Board of Directors (the Board) are committed to Corporate Governance and, to the extent they are appropriate to the Company, have adopted the 8 Principles of Good Corporate Governance and Best Practice Recommendations as published by the Australian Stock Exchange (ASX) Corporate Governance Council (the Council).

The recommendations are not prescriptions, they are guidelines. The Council recognise that the range in size and diversity of companies is significant and that smaller companies from the outset may face particular issues in following all recommendations. If a company considers that a recommendation is inappropriate to its particular circumstances, it has the flexibility not to adopt it.

The Board of Directors has adopted the best practice recommendations as outlined by the Council to the extent that is deemed appropriate for the size and operations of the Company. Therefore, where the Board considers that the cost of implementing a recommendation outweighs any potential benefits, those recommendations have not been adopted.
This Statement outlines the main corporate governance practices in place during the financial year, noting where practices depart from the Council's recommendations and the Board's reasons for an alternate approach.

The following additional information about the Company's corporate governance practices is set out on the Company's website at **www.solagran.com**

- Board Charter;
- Summary of policy on securities trading;
- Summary of continuous disclosure policy;
- Summary of arrangements regarding communication with shareholders;
- Summary of Company's risk management policy; and
- Code of Conduct.

Principle 1 - Lay solid foundations for management and oversight

Functions of the Board and Management

The relationship between the Board and senior management is critical to the Group's long-term success. The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term. Their key focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are delegated by the Board to the Chief Operating Officer or when that position is not filled, the Executive Directors.

The Board of Directors of Solagran Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business of the Company on behalf of shareholders, by whom they are elected and to whom they are accountable. The Board is responsible for setting corporate direction, defining policies and monitoring the business of the Company to ensure that it is conducted appropriately and in the best interests of shareholders. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board; the Board will oversee the activities of management in carrying out these delegated duties.

Details of the Board's Charter are located on the Company's website (www.solagran.com).

The Board's key objectives are to:

- increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders;
- to ensure the Company is properly managed and operates with effective cost and risk controls;
- to ensure that the Company invests funds in properly managed research projects; and
- to ensure that the Company's products (Bioeffectives) are given the opportunity to become commercial and viable products in the worldwide market

Evaluating the Performance of Senior Executives

On at least an annual basis, the Board conducts a formal performance review of the Chief Executive Officer and other key management personnel (KMP). The Board assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP. Feedback on the performance of each KMP is provided and a plan is established to encourage, improve and monitor future performance. A performance review of KMP occurred during the 2009 financial year in accordance with this process.

Principle 2 - Structure the Board to add value

Structure of the Board

The skills, experience, expertise and period of office of each director in office throughout the year are included in the Directors' Report. As at the date of this report, the Board is composed of three executive directors, Vagif Soultanov, Branko Javanovic & Alexander Kurganov, and one non-executive director, Andi Solaiman.

The Board assesses whether a director is independent in accordance with the Council's independence guidelines. There are currently no independent directors on the Board. Dr. Robert Payne served as an independent director from 23 February 2009 before being appointed Company Secretary on 1 April 2009.

The Board does not consist of a majority of independent directors. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of appointing additional independent non-executive Directors.

The Board is chaired by Vagif Soultanov who is not an Independent Director. The Board believes that Dr Vagif Soultanov is the person who best understands the technical nature and background of the Company's business. Dr Soultanov is highly qualified in the areas of Solagran's business pursuit and can make informed decisions on all relevant issues falling within the scope of the role of a Chairman.

The Board considers that given these factors the appointment of an independent Chairman is not justified.

The role of the Chairperson and Chief Executive Officer are not exercised by the same individual, this ensures a balance of authority so that no single individual has unfettered powers.

The Board is responsible for the nomination and selection of directors. A separate Nomination Committee has not been formed. The Board considers that at this stage in the Company's development, no benefits or efficiencies are to be gained by delegating this function to a separate committee.

The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate, independent consultants may be engaged to identify possible new candidates for the Board.

Board Performance

The Board considers the ongoing development and improvement of its own performance, the performance of individual directors and Board Committees as critical to effective governance.

The Board has adopted a self-evaluation process to measure its own performance. The performance of the Board and individual directors is reviewed at least every two years by the Board as a whole. This process includes a review in relation to the composition and skills mix of the Directors of the Company.

Performance reviews involve analysis based on predetermined performance objectives. The criteria for evaluating performance, is aligned with the financial and non‑financial objectives of the Company. The Board will consider the outcome of each review and develop a series of actions to guide and monitor improvement.

A performance review in accordance with the processes disclosed occurred during the 2009 financial year.

Commitments

Each member of the board is committed to spending sufficient time on Company matters to enable them to effectively carry out their duties as a Director of the Company.

The Board holds at least 12 scheduled meetings each year. For details of the number of Board meetings held throughout the year and the number of meetings attended by each director refer to the Directors' Report.

Independent Professional Advice

With the prior approval of the Chairman, Directors may seek independent professional advice at the Company's expense.

Term of Office

The Company's Constitution specifies that Director's must retire from office on a two year rotational basis.

Principle 3 – Promote ethical and responsible decision making

Code of Conduct

The Company has adopted a Code of Conduct to guide the Directors, Officers and Employees.

All Directors, Officers and Employees will:

- Actively promote the highest standards of ethics and integrity in carrying out their duties for the Company;
- Disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and which they believe could compromise in any way the reputation or performance of the Company;
- Respect confidentiality of all information of a confidential nature, which is acquired in the course of the Company's business and not disclose or make improper use of such confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated;
- Deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates; and
- Protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company and that no property, information or position belonging to the Company or opportunity arising from these are used for personal gain or to compete with the Company.

Trading in the Company's Securities by Directors, Officers and Employees

The Board has adopted a policy and procedure on dealing in the Company's securities by Directors, Officers and employees which prohibits dealing in the Company's securities when those persons possess unpublished market price sensitive information. It also requires Directors to notify the Chairman of the Company when trading in the Company occurs. In the case of the Chairman, he must notify the Company Secretary.

Directors must also notify the Company Secretary of any trade in the Company's securities within 2 days of such trade occurring so that the Company Secretary can comply with ASX Listing Rule 3.19A.2 requirement to notify ASX of any change in a notifiable interest held by a Director.

Reporting Unethical or Illegal Practices

Company policy requires employees who are aware of unethical or illegal practices to report these practices to management. Any reports of unethical or illegal practices are investigated by
management or the Board. Reporters of unethical practices may remain anonymous.

Principle 4 – Safeguard integrity in financial reporting

Audit Committee

A separate Audit Committee has not been formed. The Board considers that at this stage in the Company's development, no benefits or efficiencies are to be gained by delegating this function to a separate committee.

The Board as a whole undertakes the functions normally associated with an Audit Committee.

External Auditor

The Board is responsible for appointing the External Auditor, subject to shareholder approval.

Following each audit, the Board conducts a review of the audit process and the performance and independence of the external auditor. The external auditor must be able to demonstrate complete independence from the Company and an ability to maintain independence through its engagement period.

Principle 5 – Make timely and balanced disclosure

Continuous Disclosure Policy

The Company has adopted a Continuous Disclosure Policy that requires all Directors, Officers and Executives to inform the Chairman and the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy sell or hold the Company's securities.

The Chairperson is responsible for interpreting and monitoring the Company's Disclosure Policy and where necessary informing the Board.

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the Continuous Disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Principle 6 – Respect the rights of shareholders

Shareholder Communication Policy

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights, the Company is committed to:

- communicating effectively with shareholders;
- providing shareholders with ready access to balanced and understandable information about the company and corporate proposals ; and
- making it easier for shareholders to participate in general meetings of the company

The Company's communications are intended to ensure regular and timely release of information about the company to shareholders by way of:

- releases to the market via the Company Announcements Platform of ASX to comply with continuous and periodic disclosure requirements;
- Half Yearly Reports and Annual Reports;
- presentations at Annual General and General Meetings
- information posted on the company's website

The Board encourages full participation of shareholders at Annual General and General Meetings, and uses these meetings to assist shareholders in understanding the Company's objectives and strategies in relation to its business activities.

The Company also makes available a telephone number for shareholders to make enquiries of the Company between 10.00am and 12.pm EST each Friday. The number is + 61 3 9862 6270. The investor relations email address is investorrelations@solagran.com.

Principle 7: Recognise and manage risk

Risk Management

The Board is responsible for risk management and control and they examine and consider areas of significant business risk on an ongoing basis and implement policy to minimise exposure to these risks.

Arrangements put in place by the Board to monitor risk management include:

- Technical review of all products prior to clinical trials and identification of possible product risk factors in trials;
- Monitoring all product liability and insurance policies;
- Constant review of cash resources and cash projection; and
- Review of staff structure and roles.

The risk management system involves a multi‐stage process of risk identification, analysis, evaluation, strategy development, strategy implementation, monitoring and review.

Executive management reports to the Board on the effectiveness of the Company's management of its material business risks. In addition, the Board undertakes a review of all major activities to asses risk and the effectiveness of strategies implemented to manage risk.

Chief Executive Officer & Financial Controller Certifications

The Chief Executive Officer and the Financial Controller have provided a written statement to the Board, in accordance with section 295A of the Corporations Act, stating that:

• the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards; and

• the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Principle 8: Remunerate fairly and responsibly

The Board determines the level of remuneration for Directors and executives based on the provision of services to the Company for executive management and for their services as Directors. Remuneration levels were set with reference to industry and market conditions and with regard to the size, nature and volume of operations and overall market capitalisation of the Company. In addition, all matters of remuneration will continue to be determined in accordance with the Corporations Act 2001 requirements, especially in respect of related party transactions. That is, no Directors participate in any deliberations regarding his own remuneration or related issues.

A separate Remuneration Committee has not been formed. The Board considers that based on the Company's stage of development, no benefits or efficiencies are to be gained by delegating this function to a separate committee.

The payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

Non-Executive Directors

The maximum total amount to be paid to Non-Executive Directors was approved by shareholders at an Annual General Meeting and is currently $180,000.

Executive Remuneration

Executive remuneration and other terms of reference are reviewed annually by the Board and are set at fair market value and not the performance of the Company.

Range of Shares as at 24 September, 2009

Range	Total holders	Units	% of Issued Capital
1 - 1,000	224	122 806	0.04
1,001 - 5,000	688	2 148 625	0.76
5,001 - 10,000	437	3 614 567	1.28
10,001 - 100,000	1 000	36 731 837	12.98
More than 100,001	299	240 335 671	84.94
Total	**2 648**	**282 953 506**	**100.00**

Top 20 Holders as at 24 September, 2009

Fully Paid Ordinary Shares	Units	% of Units
ACE AIM PTE LTD	36 916 918	13.05
SOLALIFE PTY LTD <SOLALIFE RUSSIA UNIT A/C>	28 000 000	9.90
PETROGRAD INVESTMENTS PTY LTD	13 850 000	4.89
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8 383 156	2.96
AMMF INVESTMENTS PTY LTD <AM FAMILY A/C>	8 000 000	2.83
AVONDRY PTY LTD	10 858 082	3.84
ANZ NOMINEES LIMITED <CASH INCOME A/C>	6 426 483	2.27
BEJJAL PTY LTD <BEJJAL SUPER FUND A/C>	5 000 000	1.77
EASTOK PTY LTD	4 921 034	1.74
BRONTE INVESTMENTS PTY LTD	4 484 800	1.58
ADNIL (VIC) PTY LTD	3 255 200	1.15
BT PORTFOLIO SERVICES LIMITED <R & K BOSCARATO S/F A/C>	3 233 000	1.14
MRS YVONNE MARGARET STEDWELL + MR MARK ANDREW STEDWELL <STEDWELL FAMILY S/F A/C>	3 061 350	1.08
OST-KIM PTY LTD <JAKANA SUPER FUND A/C>	2 690 592	0.95
BIOPROSPECT LIMITED	2 500 000	0.88
GASMERE PTY LIMITED	2 298 000	0.81
MR FRANK HUDSON	2 275 000	0.80
DR DEIDRE CHRISTINE O'NEILL	2 175 748	0.77
DASIT PTY LTD <DASIT P/L SUPER FUND A/C>	2 000 000	0.71
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1 766 890	0.62
Report Total	**152 096 253**	**53.75**
Remainder	**130 857 253**	**46.25**
Grand Total	**282 953 506**	**100.00**

Range of Shares as at 24 September, 2009

Range	Total holders	Units	% of Issued Capital
1 - 1,000	131	66 814	0.55
1,001 - 5,000	121	332 367	2.72
5,001 - 10,000	67	517 754	4.23
10,001 - 100,000	99	3 263 337	26.69
More than 100,001	28	8 047 149	65.81
Total	**446**	**12 227 421**	**100.00**

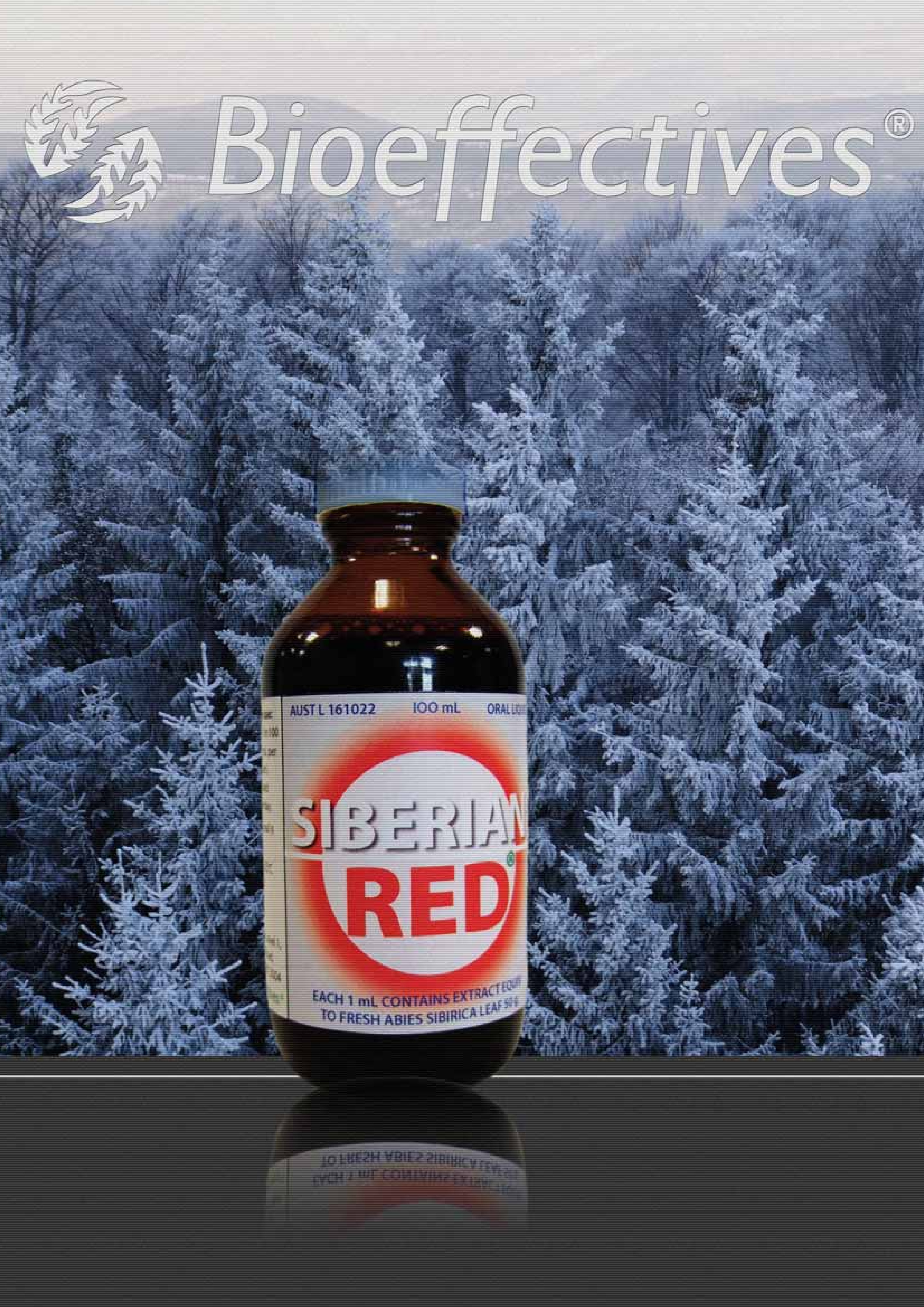
Top 20 Holders as at 24 September, 2009

$0.20 Contributing Shares (paid to $0.10)	Units	% of Units
PUNSHON'S PTY LTD	1 049 943	8.59
MR CHRISTOPHER JOHN MOONEY	1 000 000	8.18
MR RICHARD KAROLEWICZ + MRS GAYE LORRAINE KAROLEWICZ	626 000	5.12
OST-KIM PTY LTD <JAKANA SUPER FUND A/C>	540 000	4.42
MR JAMIE WAYNE SHEVLIN + MRS LEE-ANNE MAREE SHEVLIN <SPRINGFIELD RET PLAN A/C>	500 000	4.09
SEMPAI INVESTMENTS PTY LTD	365 500	2.99
MR MARAT BASYROV	350 000	2.86
MR RAYMOND TANG + MS KRISTIN LIM	300 000	2.45
MR CHARLES ROBERT TODD + MS ANDREA MICHELLE TREBLE	268 931	2.20
BIOPROSPECT LIMITED	250 000	2.04
MR JAMIE WAYNE SHEVLIN + MRS LEE-ANNE MAREE SHEVLIN <J & L SHEVLIN FAMILY A/C>	250 000	2.04
MR GRAEME PETER HYDE	236 600	1.93
MR BARRY ANDREWS <B G ANDREWS SUPER FUND A/C>	200 000	1.64
MR ANTHONY GAVAN BREEN	200 000	1.64
MS ANASTASIA KUDRYAVTSEVA	200 000	1.64
MR ROBERT KEITH BLANDEN + MRS JOAN SYBIL BLANDEN	191 400	1.57
MR STEPHEN JACOB <JACOB INVESTMENTS A/C>	176 867	1.45
S F P SUPERANNUATION PTY LTD <S & F PELLEGRINO FAM SF A/C>	162 608	1.33
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	151 200	1.24
CASEY SUPER PTY LTD <THE CASEY SUPER FUND A/C>	151 100	1.24
Report Total	**7 170 149**	**58.64**
Remainder	**5 057 272**	**41.36**
Grand Total	**12 227 421**	**100.00**

Voting Rights

Each shareholder is entitled to receive notice of and vote at a general meeting of the Company. At a general meeting, every shareholder present in person or by proxy, representative or attorney will have, on a show of hands or a poll, one vote for each share held.

Contributing shares of $0.20 each (SLACA) are paid to $0.10. At a general meeting each contributing share will count for 0.50 of one vote.


Bioeffectives®
AUST L 161022
100 mL
SIBERIAN
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EACH 1 mL CONTAINS EXTRACT
TO FRESH ABIES SIBIRICA LEAF

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