EP & T Pty Limited and its aggregated companies

For the year ended 30 June 2020

Financial statements

Contents

Responsible Body's Report

The Responsible Body consists of the Directors of EP & T Pty Limited. The Responsible Body presents their report on EP & T Pty Limited and its aggregated companies (the "Aggregated Group") for the financial year ended 30 June 2020.

The Aggregated Group consist of the following entities:

- EP & T Pty Limited (ABN 87 060 381 142)
- EP & T Global Limited (UK)
- EP & T Global Limited (HK)
- EP & T FZ LLC (Dubai)

Director details of Aggregated Companies

The names of the Directors of each of the above entities in office at any time during or since the end of the financial years are:

EP & T Pty Limited (ABN 87 060 381 142)

- Kirthi Gunaratne
- Upali Gunaratna

EP & T Global Limited (UK)

- Kirthi Gunaratne

EP & T Global Limited (HK)

- Kirthi Gunaratne

EP & T FZ LLC (Dubai)

- Kirthi Gunaratne

Principal activities

During the year, the principal activities of entities within the Aggregated Group was providing energy conservation and environmental solutions to energy and water users.

There have been no significant changes in the nature of these activities during the year.

Review of operations and financial results

The net loss after tax of the Aggregated Group for the year ended 30 June 2020 is $4,106,988 (2019: loss $2,518,212).

Dividends

No dividends were paid by any of the entities during the financial years ended 30 June 2020 or 30 June 2019.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Events arising since the end of the reporting period

Subsequent to year-end, the company has issued $1,000,000 of convertible notes in EP & T Pty Limited at the same terms as the noteholders at 30 June 2020.

During the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The aggregated group has seen a significant impact on its business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of the aggregated group's business.

The scale and duration of these developments remain uncertain as at the date of this report however they are having an impact on the aggregated group's earnings, cash flow and financial condition. It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses.

The financial statements have been prepared based upon conditions existing at 30 June 2020 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

The aggregated group has been eligible to participate in various government stimulus packages which have been implemented worldwide to provide relief from the impacts of COVID-19. At the date of this report, the Aggregated Group has received financial benefit totalling $568,684 in stimulus payments.

In September 2020, Mr Trent Knox was appointed as interim CEO of the Aggregated Group.

No other matters or circumstances have arisen since the end of the financial year, which significantly affected or may significantly affect the operations of the Aggregated Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments and expected results

Likely developments in the operations of the Aggregated Group and the expected results of those operations in the future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Aggregated Group.

Environmental legislation

The Aggregated Group's operations are not regulated by any significant environmental regulators under a law of the jurisdiction it operates in.

Indemnities given to, and insurance premiums paid for, auditors and officers

Insurance of officers

During the year, the Aggregated Group paid a premium to insure officers of the various entities. The officers of the entities covered by the insurance policy include all Directors in the Aggregated Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Aggregated Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of each of the entities against a liability incurred as such by an officer.

Indemnity of auditors

During the financial year, the Company has not indemnified its auditors for any costs incurred defending an action against them nor has any insurance premiums been paid.

Proceedings of behalf of the Aggregated Group

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

Signed in accordance with a resolution of the Responsible Body.

Kirthi Gunaratne
Director

Dated this 13th day of October 2020

Aggregated Statement of Profit or Loss and Other Comprehensive Income

For year ended 30 June

	Notes	2020	2019
		$	$
Revenue	4	6,733,134	11,507,388
Other income	5	1,064,616	703,214
Raw materials and consumables used	6	(794,514)	(1,840,699)
Employee benefits expense	6	(6,893,966)	(7,617,975)
Depreciation expense	6	(528,563)	(122,605)
Sales and marketing expense		(139,023)	(301,924)
Occupancy costs	6	(194,954)	(638,789)
Consultancy costs		(426,292)	(679,688)
Other expenses		(1,592,683)	(1,403,766)
Impairment of inventory		3,591	(429,697)
Impairment of receivables		(474,670)	(637,869)
Change in fair value of convertible notes	17	(213,546)	(953,989)
Finance costs	6	(772,152)	(318,877)
Loss before income tax		**(4,229,022)**	**(2,735,276)**
Income tax benefit	7	122,034	217,064
Loss for the year after tax		**(4,106,988)**	**(2,518,212)**
Other comprehensive income, net of tax		(216,033)	23,233
Total comprehensive loss for the year		**(4,323,021)**	**(2,494,979)**

This statement should be read in conjunction with the notes to the financial statements.

Aggregated Statement of Financial Position

As at 30 June

	Notes	2020 $	2019 $
Assets			
Current			
Cash and cash equivalents	8	835,085	620,794
Financial assets	9	-	59,027
Trade and other receivables	10	3,091,899	2,889,212
Inventories	11	1,386,861	825,543
Other current assets	12	353,100	308,258
Income tax receivable	13	627,963	736,321
Total current assets		**6,294,909**	**5,439,155**
Non-current			
Trade and other receivables	10	2,310,110	4,283,875
Financial assets	9	67,938	-
Deferred tax assets	13	535,218	413,184
Plant & equipment	14	893,835	158,564
Total non-current assets		**3,807,101**	**4,855,623**
Total assets		**10,102,010**	**10,294,778**
Liabilities			
Current			
Trade and other payables	15	3,272,822	3,001,537
Borrowings	16	5,196,232	2,594,292
Provisions	17	1,142,336	1,019,273
Lease liabilities	18	373,785	-
Total current liabilities		**9,985,175**	**6,615,102**
Non-current			
Trade and other payables	15	1,048,359	1,112,742
Borrowings	16	2,401,651	2,146,465
Provisions	17	-	23,940
Lease liabilities	18	480,851	-
Total non-current liabilities		**3,930,861**	**3,283,147**
Total liabilities		**13,916,036**	**9,898,249**
Net (liabilities) / assets		**(3,814,026)**	**396,529**
Equity			
Issued capital	19	2,054,753	2,018,870
Retained earnings		(5,698,587)	(1,668,182)
Foreign currency translation reserve	19	(170,192)	45,841
Total equity		**(3,814,026)**	**396,529**

This statement should be read in conjunction with the notes to the financial statements.

Aggregated Statement of Changes in Equity

For the year ended 30 June

	Notes	Share capital $	Retained earnings $	Foreign Currency Translation reserve $	Total equity $
At July 1, 2018		1,929,386	740,084	22,608	2,692,078
Loss for the year		-	(2,518,212)	-	(2,518,212)
Other comprehensive income		-	-	23,233	23,233
Total comprehensive income		-	(2,518,212)	23,233	(2,494,979)
Foreign exchange movement in equity	19	89,484	109,946	-	199,430
At June 30, 2019		2,018,870	(1,668,182)	45,841	396,529
Loss for the year		-	(4,106,988)	-	(4,106,988)
Other comprehensive income		-	-	(216,033)	(216,033)
Total comprehensive income		-	(4,106,988)	(216,033)	(4,323,021)
Foreign exchange movement in equity	19	35,883	76,583	-	112,466
At June 30, 2020		**2,054,753**	**(5,698,587)**	**(170,192)**	**(3,814,026)**

This statement should be read in conjunction with the notes to the financial statements.

Aggregated Statement of Cash Flows

For the year ended 30 June

	Notes	2020	2019
		$	$
Operating activities			
Receipts from customers		9,052,153	8,908,045
Payments to suppliers and employees		(11,542,077)	(12,072,118)
Income taxes received		685,630	889,747
Interest received	5	228,159	95,532
Finance costs		(154,204)	(272,289)
Net cash used in operating activities	24	**(1,730,339)**	**(2,451,083)**
Investing activities			
Purchase of property, plant and equipment		(22,199)	(31,526)
Movement in term deposits		(8,911)	-
Net cash used in investing activities		**(31,110)**	**(31,526)**
Financing activities			
Payment of lease liabilities		(480,665)	-
Proceeds from convertible notes net of issue costs		2,324,752	1,913,716
(Payments to) / advances from shareholder		(64,383)	1,006,790
Net cash from financing activities		**1,779,704**	**2,920,506**
Net change in cash and cash equivalents		**18,255**	**437,897**
Cash and cash equivalents, beginning of year		247,742	(190,155)
Cash and cash equivalents, end of year	8	**265,997**	**247,742**

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Aggregated Financial Statements

1 General information and statement of compliance

1.1 Statement of Compliance

The Responsible Body have prepared the financial statements of the Aggregated Group for the year ended 30 June 2020 for the purposes of listing on the Australian Stock Exchange. The Aggregated Group is not a Consolidated Group as there is no direct ownership between the aggregated entities.

The Aggregated Group consists of the following entities:

- EP & T Pty Limited (ABN 87 060 381 142)
- EP & T Global Limited (UK)
- EP & T Global Limited (HK)
- EP & T FZ LLC (Dubai)

The aggregation has been performed as described in the accounting policies below.

These financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*).

EP&T Pty Limited and its Aggregated Companies is a for-profit entity for the purpose of preparing the financial statements.

The aggregated financial statements for the year ended 30 June 2020 were approved and authorised for issue by the Directors on 13 October 2020.

1.2 Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

1.3 Going Concern

The Aggregated Group has incurred a loss for the year after tax of $4,106,988 (2019: loss of $2,518,212), had net operating cash outflows of $1,730,339 (2019: outflow of $2,451,083) and as at 30 June 2020, current liabilities exceeded current assets by $3,690,266 (2019: deficiency of $1,175,947). As at 30 June 2020 the Aggregated Group has net liabilities of $3,814,026 (2019: net assets of $396,529).

The Responsible Body has reviewed their future cash flow requirements and note that the Aggregated Group has issued Convertible Notes with the following maturity profiles. On maturity, the notes plus any accrued interest are required to be redeemed in cash, unless they have been converted into equity prior to their maturity dates:

Month	Face Value of Notes Maturing
Callable	$300,000
October 2020	$330,000
April 2021	$171,000
May 2021	$273,000
June 2021	$2,426,000
July 2021	$500,000
September 2021	$82,000
October 2021	$179,000
December 2021	$1,250,000
After 1 January 2022	$1,445,000

The Aggregated Group does not currently have sufficient cash reserves to fund the cash redemption of the Convertible Notes which mature within the period of 12 months from the date of signing this report, provided they have not been converted into equity prior to their maturity dates.

The notes automatically convert into equity in the event of an Initial Public Offering, Reverse Take Over or trade sale of the Aggregated Group (a Conversion Event). Management is actively pursuing completion of a Conversion Event prior to the maturity date of the Convertible Notes, however, in the absence of a Conversion Event within this timeframe then the Aggregated Group will need to achieve one of the following outcomes:

- Negotiate an extension to the maturity date of the Convertible Notes with the note holders.
- Raise external funding sufficient to repay the face value plus accrued interest on maturity.

During the year ended 30 June 2020, the Aggregated Group raised $2,324,752 (net of costs) of convertible notes from external investors. Subsequent to year end, a further $1,000,000 of convertible notes has been issued. The Aggregated Group is continuing to seek new capital through the issuance of further convertible notes to fund project installation costs and operating cash requirements. However the ability to satisfy these cash flow requirements is dependent on the Aggregated Group being able to generate positive cash flow through one or a combination of the following:

- Continued support from the ultimate beneficial shareholder.
- Raise new debt or equity capital.
- Deriving revenue through new projects and recurring services.
- Adjusting costs structures to a level which can be supported by existing contracted annuity revenue streams.

The Responsible Body are continually reviewing cost structures in its operating aggregated entities and making the appropriate changes to maximise their cash flow and profitability. While the Aggregated Group experienced growth in its contracted projects base during the 2020 financial year, the rate at which this growth can be continued has to be balanced against the additional working capital demands selling and installing new projects place on the Aggregated Group. Installation of new projects awarded to the Aggregated Group during the 2020 financial year was impacted by COVID-19 restrictions which limited access to client sites. This in turn has delayed commencement of billing and subsequent cash receipt from customers. The Responsible Body believes that in the absence of available working capital to execute new projects and grow revenues, the cost base of the Aggregated Group is flexible enough to be aligned with the current contracted recurring revenue base and therefore enable operations to be self-funded on an ongoing basis.

As a result of the above matters, there is material uncertainty as to whether the Aggregated Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business at the amounts stated in the financial report.

Notwithstanding the above, the Responsible Body are confident they will be successful in one of or a combination of the above factors and on this basis the financial report has been prepared on a going concern basis. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts and of liabilities that might be necessary should the Aggregated Group not continue as a going concern.

2 New or Revised Standards or Interpretations

New and revised standards that are effective for these financial statements

A number of new and revised standards became effective for annual periods beginning on or after 1 July 2019. The adoption of these standards has not had a material impact on the Aggregated Group.

New and amended standards adopted as at 1 July 2019

2.1 AASB 16 Leases

A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies as a result of adopting AASB 16 Leases. The impact of the adoption of the leasing standard and the new accounting policies are disclosed below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

The aggregated Group's financial statements have been prepared in accordance with the same accounting policies adopted in the aggregated Group's last annual financial statements for the year ended 30 June 2019, except as described below.

This note explains the impact of the adoption of AASB 16 Leases on the group's aggregated financial statements and discloses the new accounting policies that have been applied from 1 July 2019 in note 2(b) below. The group has adopted AASB 16 using the modified retrospective approach from 1 July 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the group recognised lease liabilities in relation to the property leases which had previously been classified as 'operating leases' under the principles of AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 10%. The aggregated group had no leases previously classified as finance leases, and no leases classified as finance leases for the year ended 30 June 2020.

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability using the “cumulative catch-up” method. The net impact on retained earnings on 1 July 2019 was $nil. The change in accounting policy resulted in the recognition of the following items in the balance sheet on 1 July 2019:

As at 1 July	2019 $
Operating lease commitments disclosed as at 30 Jun 2019	**866,007**
Discounted using the lessee’s incremental borrowing rate as at 1 July 2019	(122,614)
Sub-total	**743,393**
Add: adjustments as a result of a different treatment of extension options	553,759
(Less): future service cost of contracts	(112,535)
(Less): low-value leases recognised on a straight-line basis as expense and other adjustments	(2,780)
Lease liability recognised as at 1 July 2019	**1,181,837**
Of which were:	
Current lease liabilities	430,166
Non-current lease liabilities	751,671
Right-of-use assets	**1,181,837**

The aggregated group’s leasing activities and how these are accounted for

Each of the entities which make up the aggregated group has an office lease. Office lease rental contracts are typically made for fixed periods of 3 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and can contain different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the financial year ended 30 June 2019, rental leases of property were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability, and
- restoration costs (where material and measurable).

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office equipment or furniture.

Extension and termination options

Extension and termination options are included in property leases in the aggregated group, namely the office lease in Australia at 1 July 2019. These terms are used to maximise operational flexibility in terms of managing contracts.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. At 1 July 2019 the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $553,759.

2.2 Interpretation 23: Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB112 Income Taxes. It does not apply to taxes or levies outside the scope of AASB112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Aggregated Group determines whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Aggregated Group applies judgement in identifying uncertainties over income tax treatments. The Aggregated Group has assessed whether the interpretation had an impact on its aggregated financial statements and has concluded that it does not have an impact on the aggregated financial statements of the group.

2.3 Other Pronouncements

Other accounting pronouncements which have become effective from 1 July 2019, and therefore been adopted do not have a significant impact on the Group's financial statements.

3 Summary of accounting policies

3.1 Overall considerations

The aggregated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Basis of aggregation

The aggregated financial statements incorporate the financial information of each of the following entities:

- EP & T Pty Limited (ABN 87 060 381 142)
- EP & T Global Limited (UK)
- EP & T Global Limited (HK)
- EP & T FZ LLC (Dubai)

Consistent accounting policies are employed by each entity in the presentation and preparation of their financial information. All inter-company balances and transactions between entities in the Aggregated Group, including any unrealised profits or losses, have been eliminated on aggregation.

Functional and presentation currency

The Aggregated Group financial statements are presented in Australian Dollars ($AUD), which is also the functional currency of the EP & T Pty Limited.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Aggregated Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss. Non-monetary items are retranslated at year-end using the spot rate.

Foreign operations

In the Aggregated Group's financial statements, all assets, liabilities and transactions of Aggregated Group entities with a functional currency other than $AUD are translated into $AUD upon aggregation. The functional currency of the entities in the Aggregated Group has remained unchanged across the reporting periods.

On Aggregation, assets, liabilities and equity have been translated into $AUD at the closing rate at the reporting date. Income and expenses have been translated into $AUD at the average rate over the reporting period. Exchange differences are charged and/or credited to other comprehensive income and recognised in the currency translation reserve in equity.

3.3 Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

3.4 Revenue

Revenue arises mainly from the sale of energy saving equipment and services and contracts for the installation of such systems (Projects Revenue), after-sales monitoring (Contracted Service Revenue) and maintenance services (Service and Maintenance Revenue). To determine whether to recognise revenue, the Company follows a 5-step process:

- Identifying the contract with a customer

- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied.

The Company usually enters into transactions involving a package of the Company's products and services, for example for the construction of the energy saving system and related after-sales service, monitoring and maintenance. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Projects Revenue – revenue from the sale of goods is recognized at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement in those goods. Revenue from the installation of the system is recognized over time based on percentage of completion assessed on costs incurred as a percentage of total installation costs.

Contracted Service Revenue is recognized over time as the services are provided to the customer.

Service and Maintenance Revenue is recognized at a point in time when the service or maintenance has been provided.

All revenue is stated net of the amount of Goods and Services Tax (GST) or Value Added Tax (VAT).

3.5 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

3.6 Plant and equipment

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

Plant and equipment

Plant and equipment are measured at cost less depreciation and impairment losses.

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Leased assets and leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

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

Class of Fixed Asset	*Estimated useful life*
Leasehold improvements:	5 years
Plant and equipment:	4 years
Buildings (right of use asset):	Lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period 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 the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3.7 Leases

As described in Note 2, the Aggregated Group has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under AASB 117 and Interpretation 4.

Accounting policy applicable from 1 July 2019

The Group as a lessee

For any new contracts entered into on or after 1 July 2019, the Aggregated Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Aggregated Group assesses whether the contract meets three key evaluations which are whether:

• the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Aggregated Group

• the Aggregated Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

• the Aggregated Group has the right to direct the use of the identified asset throughout the period of use.

The Aggregated Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Aggregated Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Aggregated Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Aggregated Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Aggregated Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Aggregated Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Aggregated Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Aggregated Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

Accounting policy applicable before 1 July 2019

Operating leases

Where the Aggregated Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.8 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Aggregated Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value.

Subsequent measurement of financial assets and financial liabilities are described below. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into amortised costs.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Aggregated Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Aggregated Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Company assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

Classification and measurement of financial liabilities

The Aggregated Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments

Derivative financial instruments are accounted for at FVPL.

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.10 Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense. Current and deferred income tax expense is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets are recognised to the extent of existing taxable temporary differences that are likely to negate the effects of any deductible temporary differences, unused tax losses or unused tax credits.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

3.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

3.12 Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Foreign currency translation reserve

Comprises foreign currency translation differences arising on the translation of financial statements of the Aggregated Group's foreign entities into $AUD.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

3.13 Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Aggregated Group's liabilities for annual leave, long service leave and end of service gratuity are included in other long term benefits as they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Aggregated Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

Post-employment benefit plans

The Aggregated Group provides post-employment benefits through various defined contribution plans.

3.14 Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Aggregated Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Aggregated Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

3.15 Goods and Services Tax (GST) and Value Added Tax (VAT)

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

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

3.16 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Aggregated Group that have the most significant effect on the financial statements.

Revenue recognition on projects

Revenue relating to the projects is determined with reference to the stage of completion of the transaction at reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date for performance obligations satisfied over time as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Contract liabilities (deferred revenue) / contract assets (unbilled receivables) is therefore held in the Statement of Financial position depending on the stage of satisfaction of the performance obligation completed over time.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Aggregated Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions. Deferred tax assets have only been recognised for timing differences.

3.17 Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Revenue recognition on projects

Revenue relating to the projects is determined with reference to the stage of completion of the transaction at reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date for performance obligations satisfied over time as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Provisions – Warranties

The amount recognised for warranties for which customers are covered for the cost of repairs is estimated based on management's past experience and the future expectations of defects.

Provisions – Long Service Leave

As discussed in Note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Guaranteed Energy Savings

In accordance with certain contracts signed with customers, the Aggregated Group guarantees a pre-determined value of energy savings following the substantial completion of the contract. The savings are stipulated in the contracts based on the company's engineering reports. The savings are guaranteed annually and generally for a period of five years. To date there has been no instances of energy savings guaranteed to clients not being met. Accordingly in the view of the directors, the possibility of any such amounts becoming a liability is remote and as such no liability or contingent liability has been reflected in the financial statements (see Note 24).

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 15).

Provisions – stock obsolescence

The amount recognised for inventory obsolescence is estimated based on the nature of stock, primarily the provision is for slow moving items, which have become obsolete as newer stock is available.

4 Revenue

The Group's revenue may be analysed as follows for each major product and service category (excluding revenue from discontinued operations):

	2020 $	2019 $
Projects revenue	783,120	5,894,043
Contracted service revenue	5,522,651	5,159,646
Service and maintenance revenue	427,363	453,699
Total revenue	**6,733,134**	**11,507,388**
Timing of revenue recognition		
Goods transferred at a point in time	783,120	5,894,043
Services transferred over time	5,950,014	5,613,345
Total revenue	**6,733,134**	**11,507,388**

5 Other Income

	2020 $	2019 $
R&D rebate	577,272	617,887
Government COVID-19 stimulus income	273,380	-
Foreign exchange	(14,195)	(10,205)
Finance income	228,159	95,532
Total other income	**1,064,616**	**703,214**

6 Expenses

	2020 $	2019 $
a. Expenses		
• Cost of sales	794,514	1,840,699
• Lease payments	194,954	638,789
• Depreciation	97,448	122,605
• Depreciation of right of use asset	431,115	-
b. Employee expenses		
• Salary and wages	6,292,460	6,934,937
• Social security costs	202,980	196,228
• Superannuation and other pension arrangements	398,526	486,810
Total Employee expenses	**6,893,966**	**7,617,975**
c. Finance costs		
• Interest expense – convertible notes	495,156	46,588
• Interest expense - lease	102,564	-
• Interest expense - other	51,640	272,289
• Amortised borrowing costs	122,792	-
Total	**772,152**	**318,877**

7 Income tax (benefit) / expense

	2020 $	2019 $
(a) The major components of tax expense comprise:		
Tax expense comprises:		
· current tax expense	(217,709)	(227,563)
Deferred tax expense / (income):		
· origination and reversal of temporary differences	(26,520)	12,937
· utilisation of unused tax losses	122,195	(2,438)
Tax benefit	**(122,034)**	**(217,064)**
(b) Reconciliation of income tax to accounting profit:		
Loss before tax	(4,229,022)	(2,735,276)
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2018: 27.5%)	(1,162,981)	(752,201)
Add/(less) tax effect of:		
· Difference in overseas tax rates	283,695	(163,874)
· Other non-allowable items	315,444	513,526
· Temporary timing difference adjustment	(95,514)	(230,001)
· Adjustment to tax effect of carried forward losses not recognised	(26,520)	12,937
· Increase/(decrease) in tax effect of income tax losses not recognised	462,880	402,550
Actual tax benefit	**(122,034)**	**(217,064)**
Weighted average effective tax rate	**3%**	**8%**

Note 13 provides information on deferred tax assets.

8 Cash and cash equivalents

Cash and cash equivalents consist the following:

	2020	2019
	$	$
Cash at bank and in hand:	835,085	620,794
Total cash and cash equivalents	**835,085**	**620,794**
Add: Overdraft (note 16)	(569,088)	(373,052)
Total cash and cash equivalents	**265,997**	**247,742**

9 Financial assets

	2020	2019
	$	$
Financial assets - current		
Term deposits	-	59,027
Total financial assets - current	**-**	**59,027**
Financial assets - non-current		
Term deposits	67,938	-
Total financial assets - non-current	**67,938**	**-**

Term deposits have a fixed interest rate at of 0.85% per annum. The net carrying value of term deposits is considered a reasonable approximation of fair value.

10 Trade and other receivables

Trade and other receivables consist of the following:

	2020	2019
	$	$
Current		
Trade and other receivables	3,630,894	2,965,831
Less: allowance for expected credit losses	(538,995)	(76,619)
Total current trade and other receivables	3,091,899	2,889,212
Non-current		
Trade and other receivables	2,883,655	4,845,125
Less: allowance for expected credit losses	(573,544)	(561,250)
Total non-current trade and other receivables	2,310,110	4,283,875

The net carrying value of trade receivables is considered a reasonable approximation of fair value.

The Group recognises lifetime expected credit losses for all trade and other receivables as these items do not have a significant financing component. In measuring the expected credit losses, trade and other receivable balances due from customers who have consistently failed to make payments within 180 days of invoice date but who are engaged with the Aggregate Group on alternative payment arrangements are assessed for expected credit losses on an individual basis. The remaining trade and other receivables have been assessed on a geographical basis as each territory can possess different credit risk characteristics. Trade receivables are written off when there is no reasonable expectation of recovery.

The expected credit loss for trade and other receivables as at 30 June 2020 was determined as follows:

	Individually Assessed Receivables	Remaining Receivables	Total
Expected credit loss rate	45.3%	1.6%	17.1%
Gross carrying amount	2,306,361	4,208,188	6,514,549
Lifetime expected credit losses	**1,045,125**	**67,414**	**1,112,539**

The expected credit loss for trade and other receivables as at 30 June 2019 was determined as follows:

	Individually Assessed Receivables	Remaining Receivables	Total
Expected credit loss rate	38.8%	1.05%	8.2%
Gross carrying amount	1,473,699	6,337,257	7,810,956
Lifetime expected credit losses	**571,415**	**66,454**	**637,869**

The movement in the trade and other receivables loss allowance for the year ended 30 June 2020 is:

	Total
Opening loss allowance as at 1 July 2019	637,869
Loss allowance recognised during the year	474,670
Loss allowance as at 30 June 2020	**1,112,539**

11 Inventories

Inventories consist of the following:

	2020	2019
	$	$
Inventories at cost	1,790,911	1,255,240
Less: provision for stock obsolescence	(404,050)	(429,697)
Total inventories	**1,386,861**	**825,543**

In 2020, a total of $300,057 of inventories was included in profit and loss as an expense (2019: $1,203,155). This includes a credit amount of $3,591 resulting from the reversal of write down of inventories (2019: $429,697 inventory write down).

12 Other current assets

	2020	2019
	$	$
Prepayments	353,100	308,258
Total other current assets	**353,100**	**308,258**

13 Income tax assets

	2020	2019
	$	$
Current		
Research & Development tax credit receivable	627,963	736,321
Total	**627,963**	**736,321**
Non-current		
Deferred tax asset	535,218	413,184
Total	**535,218**	**413,184**

Movements in deferred tax assets as follows:

Deferred tax assets	1-Jul-19	Recognised in profit and loss	30-Jun-20
	$	$	$
Current liabilities			
Provisions	228,078	97,677	325,755
Blackhole costs	29,882	13,745	43,627
Pension and other employee obligations	155,224	10,612	165,836
Total	**413,184**	**122,034**	**535,218**

Deferred tax assets	1-Jul-18	Recognised in profit and loss	30-Jun-19
	$	$	$
Current liabilities			
Provisions	34,375	193,703	228,078
Blackhole costs	-	29,882	29,882
Pension and other employee obligations	161,744	(6,520)	155,224
Total	**196,119**	**217,065**	**413,184**

14 Plant and equipment

Details of the Group's plant and equipment and their carrying amount are as follows:

	Office $	Leasehold Improvements $	IT equipment $	Other equipment $	Right-of-use Asset $	Total $
Gross carrying amount						
Balance At July 1, 2018	367,188	367,123	690,484	129,741	-	1,554,536
Additions	2,266	-	29,260	-	-	31,526
Effect of movements in exchange rates	3,970	821	1,129	-	-	5,920
Balance At June 30, 2019	373,424	367,944	720,873	129,741	-	1,591,982
Depreciation and impairment						
Balance At July 1, 2018	(344,328)	(225,883)	(607,062)	(129,741)	-	(1,307,014)
Depreciation	(9,796)	(73,105)	(39,704)	-	-	(122,605)
Effect of movements in exchange rates	(3,093)	(105)	(601)	-	-	(3,799)
Balance At June 30, 2019	(357,217)	(299,093)	(647,367)	(129,741)	-	(1,433,418)
Carrying Amount At June 30, 2019	**16,207**	**68,851**	**73,506**	**-**	**-**	**158,564**
Gross carrying amount						
Balance At July 1, 2019	373,424	367,944	720,873	129,741	1,181,837	2,773,819
Additions	16,886	-	5,313	-	50,900	73,099
Effect of movements in exchange rates	(11,508)	1	(2,534)	-	7,598	(6,443)
Balance At June 30, 2020	378,802	367,945	723,652	129,741	1,240,335	2,840,475
Depreciation and impairment						
Balance At July 1, 2019	(357,217)	(299,093)	(647,367)	(129,741)	-	(1,433,418)
Depreciation	(8,744)	(56,368)	(32,336)	-	(431,115)	(528,563)
Effect of movements in exchange rates	3,444	4,863	7,034	-	-	15,341
Balance At June 30, 2020	(362,517)	(350,598)	(672,669)	(129,741)	(431,115)	(1,946,640)
Carrying Amount At June 30, 2020	**16,285**	**17,347**	**50,983**	**-**	**809,220**	**893,835**

All depreciation charges are included within depreciation expense.

15 Trade and other payables

	2020 $'000	2019 $'000
Current		
Trade payables	1,135,551	1,336,264
Sundry payables and accrued expenses	2,137,271	1,665,273
Total current trade and other payables	**3,272,822**	**3,001,537**
Non-current		
Shareholder related payable	1,048,359	1,112,742
Total non-current trade and other payables	**1,048,359**	**1,112,742**

The carrying values of trade payables and short-term bank overdrafts are considered to be a reasonable approximation of fair value.

The shareholder related payable amount is unsecured, non-interest bearing and will not be called for a period of at least 12 months from the date of this report.

16 Borrowings

	2020 $	2019 $
Current		
Bank overdraft	569,088	373,052
Convertible notes - current	2,613,089	1,134,744
Embedded derivative at FVPL	2,049,516	1,099,716
Borrowing costs	(35,461)	(13,220)
Total current borrowings	**5,196,232**	**2,594,292**
Non-current		
Convertible notes	1,285,783	1,478,344
Embedded derivative at FVPL	1,175,149	741,185
Borrowing costs	(59,281)	(73,064)
Total non-current borrowings	**2,401,651**	**2,146,465**

Borrowings at amortised cost

The interest rate on bank overdraft is 4.6% per annum. The carrying amount of the bank overdraft is considered to be a reasonable approximation of the fair value.

The convertible notes were issued with a 24 month maturity date, those maturing prior to 30 June 2021 have has their maturity date extended with the earliest maturing in June 2021. The terms of the notes are as follows:

Redemption	24 months unless converted earlier
Conversion	Forced conversion to ordinary shares in case of a liquidity event within 24 months of issuance
Liquidity event	IPO, Reverse Take Over (RTO) or trade sale
Interest rate	10% p.a. compounded daily from date of issue
Interest capitalisation	Noteholders can elect to capitalise the interest
Offer price	Price of ordinary share - under prospectus for IPO/RTO - offered by the purchaser in a trade sale
Conversion price	Tranche 1 – Face Value of $2,000,000 - 55% of the offer price Tranche 2 - Face Value of $3,511,000 - 70% of the offer price Tranche 3 - Face Value of $445,000 - 50% of the offer price
Conversion price (interest)	100% of the offer price

The current schedule of Notes on issue is listed below along with the revised maturity dates as at the date of this report:

Maturity date (as at report date)	Maturity date (as at balance date)	Face Value of Notes Maturing
Callable	Callable	$300,000
October 2020	October 2020	$330,000
April 2021	April 2021	$171,000
May 2021	May 2021	$273,000
June 2021	June 2021	$2,426,000
July 2021	July 2021	$500,000
September 2021	September 2021	$82,000
October 2021	October 2021	$179,000
December 2021	December 2021	$1,250,000
After 1 January 2022	After 1 January 2022	$445,000

Borrowings at FVPL

The embedded derivative at FVPL is the fair value of the conversion feature of the notes. There has been no movement in the fair value of the embedded derivative from issue to balance date and hence no fair value movement has been recorded in the income statement at year-end.

The estimated fair value of the embedded derivative is categorised within Level 2 of the fair value hierarchy. The change in fair value estimate has been determined by an independent expert at $213,546 estimated using a present value technique, the Probability Weighted Expected Returns Method.

17 Provisions

The carrying amounts and movements in the provisions account are as follows:

	Annual Leave	Long Service Leave	End of Service Gratuity	Total
	$'000	$'000	$'000	$'000
At July 1, 2018	**251,800**	**265,973**	**435,272**	**953,045**
Amount accrued	436,549	53,098	95,778	585,425
Amount utilised	(427,219)	(23,369)	-	(450,588)
Reversals	-	(44,669)	-	(44,669)
At June 30, 2019	**261,130**	**251,033**	**531,050**	**1,043,213**
Amount accrued	396,405	27,728	90,130	514,263
Amount utilised	(353,120)	(42,749)	-	(395,870)
Reversals	-	(19,271)	-	(19,271)
At June 30, 2020	**304,415**	**216,741**	**621,180**	**1,142,336**

Total provisions split between current and non-current:

	2020	2019
	$	$
Current provisions	1,142,336	1,019,273
Non-current Provisions	-	23,940
Total provisions	**1,142,336**	**1,043,213**

18 Lease Liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2020	2019
	$	$
Current	373,785	-
Non-Current	480,851	-
Total	**854,636**	**-**

Movement in lease liabilities is as follows:

	$
Lease liability recognised as at 1 July 2019	1,181,837
New lease liability recognized in year	50,900
Interest expense on leases	102,564
Lease repayments	(480,665)
Lease liability as at 30 June 2020	854,636

The Group has leases for the main warehouse and related facilities, an office and production building, and some IT equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 12).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right of Use Asset	No of Right of Use Assets Leased	Range of Remaining Term	Average Remaining Lease Term	No of leases with extension options	No of leases with options to purchase	No of leases with termination options
Office Building	4	8 months - 30 months	19 months	-	-	-

The future minimum lease payments are as follows:

	Minimum lease payments due					
	Within 1 year	1 to 5 years	After 5 years	Total	Future finance charges	Total Lease balance
	$	$	$	$	$	$
30-Jun-20	438,443	515,974	-	954,417	(99,781)	854,636
30-Jun-19	404,016	461,991	-	866,007	-	866,007

Leases are for office space in Australia, Hong Kong, UK and Dubai.

Lease expense during the period amounted to $378,278 (2019: $559,802) representing the minimum lease payments.

Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2020
	$
Leases of low value assets	69,600
Total	**69,600**

Total cash outflow for leases for the year ended 30 June 2020 was $480,665 (2019:$559,802).

Additional information on the right-of-use assets by class of assets is as follows:

Right of Use Asset	Carrying Amount	Depreciation Expense	Impairment
Building	809,220	431,115	-

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

19 Equity

Issued capital

The share capital of the Aggregated Group consists only of fully paid ordinary shares in each aggregated entity; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of each of the entities.

	2020 Shares	2019 Shares
Shares issued and fully paid:		
EP & T Pty Limited	5,000	5,000
EP & T Global Limited (UK)	325,000	325,000
EP & T Global Limited (HK)	7,175,000	7,175,000
EP & T FZ LLC (Dubai)	300	300
Total contributed equity at 30 June	**7,505,300**	**7,505,300**

	2020 $	2019 $
Shares issued and fully paid:		
Beginning of the year	2,018,870	1,929,386
Foreign exchange movement	35,883	89,484
Total contributed equity at 30 June	**2,054,753**	**2,018,870**

The movements above are due to the changes in the foreign exchange spot rate at balance date to which issued capital is converted to AUD for the purposes of the aggregation.

Capital Management

The Aggregated Group does not have a limited amount of authorised capital and issued shares do not have a par value. Management controls the capital of the Aggregated Group in order provide the shareholders with adequate returns and ensure that the Aggregated Group can fund its operations and continue as a going concern. There are no externally imposed capital requirements. Management effectively manages the Aggregated Group's capital by assessing the Aggregated Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

Foreign currency translation reserve

Comprises foreign currency translation differences arising on the translation of financial statements of the Aggregated Group's foreign entities into $AUD.

20 Financial assets and liabilities

Categories of financial assets and liabilities

Note 2(g) provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	Amortised cost	Total
		2020	2020
		$	$
Financial assets			
Cash and cash equivalents	8	835,085	835,085
Trade and other receivables	10	5,402,009	5,402,009
Total financial assets at 30 June		**6,237,094**	**6,237,094**

	Notes	Borrowings at FVPL	Other liabilities Amortised cost	Total
		2020	2020	2020
		$	$	$
Financial liabilities				
Trade and other payables	15	-	4,321,181	4,321,181
Current borrowings	16	2,049,516	3,182,177	5,231,693
Non-current borrowings	16	1,175,149	1,285,783	2,460,932
Total financial liabilities at 30 June		**3,224,665**	**8,789,141**	**12,013,806**

The financial instrument classifications in the prior period are as follows:

	Notes	Amortised cost	Total
		2019	2019
		$	$
Financial assets			
Cash and cash equivalents	8	620,794	620,794
Trade and other receivables	10	7,173,087	7,173,087
Other short-term financial assets	9	59,027	59,027
Total financial assets at 30 June		**7,852,908**	**7,852,908**

	Notes	Borrowings at FVPL	Other liabilities Amortised cost	Total
		2019	2019	2019
		$	$	$
Financial liabilities				
Trade and other payables	15	-	4,114,279	4,114,279
Current borrowings	16	1,099,716	1,507,796	2,607,512
Non-current borrowings	16	741,185	1,478,344	2,219,529
Total financial liabilities at 30 June		**1,840,901**	**7,100,419**	**8,941,320**

21 Related party transactions

Aggregated Group entities:

- EP & T Pty Limited (ABN 87 060 381 142)
- EP & T Global Limited (UK)
- EP & T Global Limited (HK)
- EP & T FZ LLC (Dubai)

All transactions between aggregated group entities have been eliminated in the aggregation.

The Company' main related parties outside of the aggregated group are as follows:

- Energy Save Pty Ltd

Energy Save Pty Ltd provides motor vehicles and IT equipment for EP & T Pty Limited's use on a month to month basis. During 2020 Energy Save Pty Ltd charged $69,600 (2019: $69,600) excluding GST. The outstanding balance of $44,660 (2019 $146,740) is included in trade payables.

- Kinetic Pacific Pty Ltd ATF Lion Trust

Kinetic Pacific Pty Ltd ATF Lion Trust subscribed to $311,000 of convertible notes issued by EP & T Pty Limited during the 2020 financial year (2019: $295,000) and held convertible notes with a combined face value of $606,000 at balance date (30 June 2019: $295,000).

Transactions with related parties

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

Shareholder Loans:

Details of loans with shareholders are disclosed in Note 15.

Key management personnel:

Key management of the Aggregated Group are the Directors and members of the Advisory Committee along with key management being the Chief Executive Officer, Chief Financial Officer and Snr Vice President - Global Operations. Refer below for details of remuneration disclosures relating to key management personnel.

Transactions with key management personnel

Key management personnel remuneration includes the following expenses:

	2020 $	2019 $
Short-term benefits	1,431,912	1,275,787
Long-term benefits	48,802	43,012
Total remuneration	**1,480,714**	**1,318,799**

22 Operating segments

Identification of reportable operating segments

The Aggregated Group has identified its operating segments based on the internal reports that are reviewed and used by the Board (the chief operating decision maker ('CODM')) in assessing performance and determining the allocation of resources.

Segment information is reported to the CODM on the basis of the product/service delivered. The Aggregated Group's products and services are the same within both geographical segments.

The information reported to the CODM is on a monthly basis.

Major customers

There are no significant customers in any reported segment that comprise greater than 10% of the segments aggregated revenues.

The aggregated Group has identified its operating segments based on the markets they serve.

	2020	2019
	$	$
Revenue		
Australia	4,865,167	5,226,198
United Kingdom	1,779,702	2,397,840
Hong Kong	387,107	1,275,690
Middle East	982,947	3,745,017
Eliminate inter-aggregated group transactions	(1,281,789)	(1,137,357)
	6,733,134	**11,507,388**
Segment net operating profit / (loss) before tax		
Australia	(2,036,074)	(3,073,822)
United Kingdom	(424,712)	(448,626)
Hong Kong	(740,575)	14,744
Middle East	(1,027,661)	772,428
	(4,229,022)	**(2,735,276)**
Segment assets		
Australia	8,955,948	7,472,528
United Kingdom	2,281,605	2,096,249
Hong Kong	260,994	379,860
Middle East	4,588,165	4,627,524
Eliminate inter-aggregated group balances	(5,984,703)	(4,281,383)
	10,102,010	**10,294,778**
Segment liabilities		
Australia	9,736,707	6,276,094
United Kingdom	3,440,279	2,863,010
Hong Kong	1,963,428	1,326,548
Middle East	4,615,069	3,661,707
Eliminate inter-aggregated group balances	(5,839,447)	(4,229,110)
	13,916,036	**9,898,249**

23 Contingent liabilities

The Aggregated Group has contingent liabilities of $67,938 as at 30 June 2020 relating to bank guarantees held on property leases (2019: $59,027).

Nature of liability	Beneficiary	Amount	Expiry Dates
Financial Guarantee	Bellpen Pty Limited	A$67,938	General Bank Guarantee

Other property lease guarantees have been paid as deposits for Dubai, HK and UK premises to the amount of $63,022 (2019: $63,022).

24 Cash Flow Information

	2020	2019
	$	$
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
(Loss) after income tax	(4,106,988)	(2,518,212)
Non-cash flows in profit and loss:		
Depreciation and amortisation	528,563	122,605
Amortisation of borrowing costs	122,792	-
Foreign currency (loss) / gain	(112,467)	220,542
Impairment of inventory	(3,591)	429,697
Impairment of receivables	474,670	637,869
Change in fair value of convertible notes	213,546	953,989
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	1,296,409	(3,664,841)
(Increase)/decrease in other assets	(44,842)	3,761
(Increase) / decrease in R&D tax credit receivables	108,358	271,861
(Increase) / decrease in deferred tax assets	(122,034)	(217,065)
Decrease / (increase) in inventories	(557,727)	90,816
Increase / (decrease) in trade and other payables	271,285	1,127,727
Increase / (decrease) in lease liabilities	102,564	-
(Decrease) / increase in employee provisions	99,123	90,168
Net cash flow from operations	**(1,730,339)**	**(2,451,083)**

25 Guaranteed Energy Savings

In accordance with certain contracts signed with customers, the Aggregated Group companies guarantee a pre-determined value of energy savings following installation of monitoring equipment and the commencement of monitoring and reporting services. The Aggregated Group is obligated to pay the customer in cash for a shortfall between actual savings achieved and the guaranteed energy savings amount. The savings are stipulated in the applicable contracts and are based on modelled savings determined by the Aggregated Group's engineers and technical services team. The timeframe for measurement of guaranteed ranges from annually to a maximum of 5 years as stipulated in the individual service contracts. For annual savings guarantees, a shortfall in guaranteed savings reimbursed to a customer can be recovered from any excess savings achieved by that same customer in future years. The guarantees are unsecured.

The maximum remaining savings guaranteed to customers and the timeframes for measurement are shown below:

Guarantee measurement date	Within 12 months	In 1-2 years	In 3-5 years	Over 5 Years	Total
Uncovered actual guaranteed savings *	51,265	450,092	6,365,722	-	6,867,079

* Calculated as total guarantee amount less actual savings achieved to date

To date there have been no instances of energy savings guaranteed to customers not being met and accordingly no claims for payment by any customers have been received. Accordingly in the view of the directors, the possibility of any amounts disclosed above becoming probable and hence, actual liabilities, is considered to be remote.

26 Events After the Reporting Date

Subsequent to year-end, the company has issued $1,000,000 of convertible notes in EP & T Pty Limited at the same terms as the noteholders at 30 June 2020.

During the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The aggregated group has seen a significant impact on its business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of the aggregated group's business.

The scale and duration of these developments remain uncertain as at the date of this report however they are having an impact on the aggregated group's earnings, cash flow and financial condition. It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses.

The financial statements have been prepared based upon conditions existing at 30 June 2020 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

The aggregated group has been eligible to participate in various government stimulus packages which have been implemented worldwide to provide relief from the impacts of COVID-19. At the date of this report, the Aggregated Group has received financial benefit totalling $568,684 in stimulus payments.

No other matters or circumstances have arisen since the end of the financial year, which significantly affected or may significantly affect the operations of the Aggregated Group, the results of those operations, or the state of affairs of the Aggregated Group in future financial years.

27 Company details

The registered office and principal place of business of the Aggregated entities are:

EP & T Pty Limited (ABN 87 060 381 142)
Suite 2, 407 Pacific Highway
Artarmon NSW 2064

EP & T Global Limited (UK)
84 Kingsway, Holborn
London WC2B 6AE, UK

EP & T Global Limited (HK)
11/F, Tower 2 Lippo Centre
89 Queensway, Admiralty, Hong Kong

EP & T FZ LLC (Dubai)
Unit 1006, Al Thuraya Tower 1
Dubai Media City

Directors' Declaration

1 In the opinion of the Directors of the Responsible Body:

  a The Aggregated Group financial statements and notes:

    i Give a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

    ii Comply with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) to the extent described in Note 1; and

  b There are reasonable grounds to believe that the Aggregated Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Director
Kirthi Gunaratne

Dated the 13th day of October 2020

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Auditor's Independence Declaration

To the Directors of EP&T Pty Limited and its aggregated entities

As lead auditor for the audit of EP&T Pty Limited and its aggregated entities for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

P J Woodley
Partner – Audit & Assurance

Sydney, 13 October 2020

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Independent Auditor's Report

To the Members of EP & T Pty Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of EP & T Pty Limited (the Company), and its aggregated companies (the Aggregated Group) which comprises the aggregated statement of financial position as at 30 June 2020, the aggregated statement of profit or loss and other comprehensive income, aggregated statement of changes in equity and aggregated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration of the Responsible Body.

In our opinion, the accompanying financial report of the Aggregated Group:

a presents fairly, in all material respects, the Aggregated Group's financial position as at 30 June 2020 and of its performance and cash flows for the years then ended in accordance with the accounting policies described in Note 3; and

b Complies with Australian Accounting Standards – Reduced Disclosure Requirements to the extent described in Note 1.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Aggregated Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Grant Thornton

Material uncertainty related to going concern

We draw attention to Note 1.3 of the financial statements, which indicates that the Aggregated Group incurred a net loss after tax of $4,106,988 during the year ended 30 June 2020, and as of that date, the Aggregated Group's current liabilities exceeded its current assets by $3,690,266. As stated in Note 1.3, these events or conditions, along with other matters as set forth in Note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the Aggregated Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter – basis of accounting

We draw attention to Note 3.2 of the financial report, which indicates that financial statements are prepared on an aggregated basis since 1 July 2015. They are not a consolidated group under AASB 10 Consolidated Financial Statements. The financial statements of the Aggregated Group have been prepared for the purpose of listing on the Australian Stock Exchange in accordance with the accounting policies described in Note 3.

Information other than the financial report and auditor's report thereon

The Directors of the Responsible Body are responsible for the other information. The other information comprises the information included in the Aggregated Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' of the Responsible Body for the financial report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. The Directors' of the Responsible Body responsibility also includes such internal control as the Directors of the Responsible Body determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors of the Responsible Body are responsible for assessing the Aggregated Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors of the Responsible Body either intend to liquidate the Aggregated Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Aggregated Group's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

P J Woodley
Partner – Audit & Assurance

Sydney, 13 October 2020