



1. Company details

Name of entity:	Phoslock Environmental Technologies Limited
ABN:	88 099 555 290
Reporting period:	For the half-year ended 30 June 2024
Previous period:	For the half-year ended 30 June 2023

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	down	42.6%	to	575
Underlying Earnings/(Loss) Before Interest and Taxes ('Underlying EBIT')	down	65.0%	to	(1,273)
Loss from ordinary activities after tax attributable to the owners of Phoslock Environmental Technologies Limited	down	88.6%	to	(588)
Loss for the half-year attributable to the owners of Phoslock Environmental Technologies Limited	down	88.6%	to	(588)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$588,000 (30 June 2023: loss \$5,165,000)

The reconciliation of statutory net profit/(loss) after tax ('NPAT') to Underlying Earnings EBIT is outlined below:

	Consolidated 30 Jun 2024 \$'000	30 Jun 2023 \$'000
Revenue	575	1,002
Net Profit/(Loss) after Tax ('NPAT')	(588)	(5,165)
Add: Finance costs	22	15
Add: (Reversal)/impairment of receivables	-	(624)
Add: Impairment of assets	(652)	890
Add: Wind down expense	-	1,374
Add: Foreign exchange (gain)/loss	(5)	67
Less: Interest revenue	(50)	(53)
Less: Gain on remeasurement of lease liabilities	-	(140)
Underlying EBIT*	(1,273)	(3,636)

* Underlying EBIT is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit or loss under AAS adjusted for the add back of income tax, finance costs and certain non-cash income and expense items that are deemed to not have an ongoing effect to the underlying performance of the business. The Company believes that Underlying EBIT provides a better reflection of its financial performance by facilitating a more representative comparison of financial performance between financial periods.

Refer to the 'Review of operations' section in the 'Directors report' for commentary on the results.



3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.89	1.53

The net tangible assets calculation include the lease liabilities of \$30,000 (30 June 2023: \$513,000).

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the audit review report is attached as part of the Interim Report with 'emphasis of matter' opinion issued in respect to the going concern basis of preparation.

11. Attachments

Details of attachments (if any):

The Interim Report of Phoslock Environmental Technologies Limited for the half-year ended 30 June 2024 is attached.



12. Signed

As authorised by the Board of Directors

A handwritten signature in black ink, appearing to read 'F Bart', with a stylized flourish at the end.

Signed _____

Date: 2 April 2025

Fred Bart
Chairman
Sydney



Phoslock Environmental Technologies Limited

ABN 88 099 555 290

Interim Report - 30 June 2024



Directors' report	2
Auditor's independence declaration	5
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the consolidated financial statements	10
Directors' declaration	20
Independent auditor's review report to the members of Phoslock Environmental Technologies Limited	21



The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Phoslock Environmental Technologies Limited (referred to hereafter as the 'Company', 'PET' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2024.

Directors

The following persons were directors of Phoslock Environmental Technologies Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Fred Bart - Chairman and Non-Executive Director (appointed on 18 January 2024)
Shawn van Boheemen (appointed on 18 January 2024)
Graeme Newing (appointed on 18 January 2024)
David Krasnostein AM - Chairman and Non-Executive Director (resigned on 18 January 2024)
Brenda Shanahan AO (resigned on 18 January 2024)
Lachlan McKinnon (resigned on 18 January 2024)
Bob Prosser (resigned on 18 January 2024)

Principal activities

The principal activities of the Group during the period were selling and marketing of the patented product 'Phoslock®' and providing design, engineering and project implementation solutions for water related projects and water treatment products to clean up lakes, rivers, canals, wetlands and drinking water reservoirs. The Group devotes significant resources on the evaluation and development of new water treatment products and technologies through in-house development, licensing arrangements or acquisition.

Review of operations

The loss for the Group after providing for income tax amounted to \$588,000 (30 June 2023: loss \$5,165,000).

Underlying Earnings/(Loss) Before Interest and Tax ('Underlying EBIT') for the year is as follows:

	Consolidated 30 Jun 2024 \$'000	30 Jun 2023 \$'000
Revenue	575	1,002
Net Profit/(Loss) after Tax ('NPAT')	(588)	(5,165)
Add: Finance costs	22	15
Add: (Reversal)/impairment of receivables	-	(624)
Add: Impairment of assets	(652)	890
Add: Wind down expense	-	1,374
Add: Foreign exchange (gain)/loss	(5)	67
Less: Interest revenue	(50)	(53)
Less: Gain on remeasurement of lease liabilities	-	(140)
Underlying EBIT*	<u>(1,273)</u>	<u>(3,636)</u>

* Underlying EBIT is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit or loss under AAS adjusted for the add back of income tax, finance costs and certain non-cash income and expense items that are deemed to not have an ongoing effect to the underlying performance of the business. The Company believes that Underlying EBIT provides a better reflection of its financial performance by facilitating a more representative comparison of financial performance between financial periods.

Operating results

Revenue for the period totalled \$575,000, representing a 43% decrease compared to \$1,002,000 recorded in the prior corresponding period. The Company continued to progress its diversification strategy, focusing on rebalancing the sales mix away from China. During the period, the majority of sales were generated in the United States, with modest contributions from Europe, ANZ and China.

The Company reported a gross loss of \$8,000 for the six months ended 30 June 2024, compared to a gross profit of \$531,000 for the prior corresponding period. The gross profit margin declined from 53% in the prior period, primarily due to reduced sales prices offered to distribution partners and higher freight and labor costs incurred during the period.



Underlying EBIT for the period was a loss of \$1,273,000 compared to loss of \$3,636,000 in the prior corresponding period. During the period, the business continued to actively address cost by reducing administration and corporate costs providing the efficiencies gained from right sizing the business. While some ongoing legacy issue investigation costs were incurred, these trended much lower than in prior corresponding period.

NPAT for the six months amounted to a loss of \$588,000. This compared to a NPAT loss of \$5,165,000.

Cash Flows

Operating Cash Flow for the six months period was a cash outflow of \$1,980,000 (6 months to 30 June 2023: outflow of \$3,499,000), representing \$1,421,000 lower cash outflow from the previous period.

Cash payments from customers for the six month period were \$651,000 (6 months to 30 June 2023: \$1,694,000). Cash payments to suppliers, consultants and employees for the six month period was \$2,681,000 (6 months to 30 June 2023: \$5,247,000). The decrease in cash outflow relates primarily to lower employee payments and reduced manufacturing related activity. As mentioned previously, the Group incurred significantly lowered legal and consulting expenses incurred as a result of the fraud and mismanagement investigations. The Group continued to incur expenses in government lobbying and the Company's manufacturing/supply chain strategy within the period.

Capital expenditure on new plant, equipment, and intangibles for the six months ended 30 June 2024 amounted to \$40,000. This expenditure primarily related to the Company's Chinese manufacturing facilities, research and development activities, and patent application costs. In June 2024, surplus capital of \$2,000,000 was temporarily invested with Beradee Pty Ltd (as trustee for the Shaw Properties Trust, ABN 75 135 718 446), a company controlled by the Chairman, Mr. Fred Bart, to earn higher interest rates. This amount was fully repaid in July 2024.

Financial position

The half year financial statements have been prepared on a going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The new Board is committed to making the Group profitable and cash positive and will continue to revise its strategy to best meet its objectives. As the Board has no intention of selling, liquidating or winding up the Company, and based on its assessment of its operating capability, cash position, forecast sales, project pipeline and cash resources, it is believed that the Group will continue as a going concern. The Board believe that any contingent liability which may or may not arise from the AFP investigation into the previous officers' actions should not impact the current going concern assessment, albeit it will be disclosed in the financial statements until the matter is resolved. Refer to note 2 for further details on the going concern basis of preparation.

As at 30 June 2024 net current asset position of the Group totalled \$11,769,000.

As at 30 June 2024, the Group had no external loan facilities.

Significant changes in the state of affairs

At the Extraordinary General Meeting held on 18 January 2024, shareholders overwhelmingly voted in favour of appointing three new candidates as Directors, resulting in the resignation of all previous Directors. None of the resolutions proposed by the previous Board were passed. Following their appointment, the new Board has determined that the financial statements for the period ending 30 June 2024 should be prepared on a going concern basis, a decision that has also been agreed upon by the auditor.

In March 2024, the previous management team, Lachlan McKinnon and Matthew Parker left the company.

On 7 March 2024, the new Board resolved to invest the Group's surplus working capital with Beradee Pty Ltd (ATF Shaw Properties Trust, ABN 75 135 718 446), a company controlled by Fred Bart, the Chairman. The objective of this investment is to secure a higher interest rate (5% p.a. at call) compared to the current returns from term deposits. This investment is structured as an unsecured, at-call deposit facility. The Board has thoroughly evaluated the associated risks and determined that they fall within acceptable limits. In June, the Board initiated and completed the transfer of \$2,000,000 to the Beradee bank account. Subsequent to 30 June 2024, the principal has been returned, with interest paid.

PET has been served with documents concerning proceedings in the Federal Court initiated by Levitt Robinson and Banton Group on behalf of shareholder. The proceedings are seeking preliminary discovery from PET and other parties.

The Company shares remain suspended from trading on the ASX platform.



There were no other significant changes in the state of affairs of the Group during the financial half-year.

Environmental Issues

The Group's operations are subject to environmental regulation of the territories in which it operates. Details of the Group's performance in relation to environmental regulations are as follows:

The Group commits to comply with all regulations governing the use and application of its water technology products both in Australia and internationally.

Phoslock® has been awarded the North American Drinking Water certification (NSF/ANSI 60) since 2011. The certification is renewed annually.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Fred Bart
Chairman

2 April 2025
Sydney

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF PHOSLOCK ENVIRONMENTAL
TECHNOLOGIES LIMITED**

As lead auditor, I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

SW

SW Audit
Chartered Accountants



Hayley Underwood
Partner

Melbourne, 2 April 2025

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Phoslock Environmental Technologies Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2024



		Consolidated	
	Note	30 Jun 2024 \$'000	30 Jun 2023 \$'000
Revenue			
Sales revenue	4	575	1,002
Cost of sales		(567)	(471)
Gross profit/(loss)		8	531
Other income		36	186
Interest revenue calculated using the effective interest method		50	53
Expenses			
Distribution		(63)	6
Marketing		(5)	(168)
Occupancy		(11)	(29)
Director, listing and professional fees		(741)	(1,637)
Administration		(492)	(2,452)
Reversal/(impairment) of receivables	6	-	624
Impairment of assets	5	652	(890)
Wind down expense		-	(1,374)
Finance costs	5	(22)	(15)
Loss before income tax expense		(588)	(5,165)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Phoslock Environmental Technologies Limited		(588)	(5,165)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		111	60
Other comprehensive income for the half-year, net of tax		111	60
Total comprehensive loss for the half-year attributable to the owners of Phoslock Environmental Technologies Limited		(477)	(5,105)
		Cents	Cents
Basic loss per share	14	(0.09)	(0.83)
Diluted loss per share	14	(0.09)	(0.83)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Phoslock Environmental Technologies Limited
Consolidated statement of financial position
As at 30 June 2024



		Consolidated	
	Note	30 Jun 2024	31 Dec 2023
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		6,368	10,622
Trade and other receivables	6	1,545	1,531
Inventories	7	1,992	1,769
Financial assets	8	2,100	100
Other assets		424	419
Total current assets		<u>12,429</u>	<u>14,441</u>
Total assets		<u>12,429</u>	<u>14,441</u>
Liabilities			
Current liabilities			
Trade and other payables	9	574	1,190
Contract liabilities		2	9
Lease liabilities		30	342
Employee benefits		54	440
Provisions	10	-	186
Total current liabilities		<u>660</u>	<u>2,167</u>
Non-current liabilities			
Employee benefits		10	38
Total non-current liabilities		<u>10</u>	<u>38</u>
Total liabilities		<u>670</u>	<u>2,205</u>
Net assets		<u><u>11,759</u></u>	<u><u>12,236</u></u>
Equity			
Issued capital		92,398	92,398
Reserves		890	779
Accumulated losses		<u>(81,529)</u>	<u>(80,941)</u>
Total equity		<u><u>11,759</u></u>	<u><u>12,236</u></u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Phoslock Environmental Technologies Limited
Consolidated statement of changes in equity
For the half-year ended 30 June 2024



Consolidated	Issued capital \$'000	Foreign currency translation reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2023	92,398	1,128	(78,885)	14,641
Loss after income tax expense for the half-year	-	-	(5,165)	(5,165)
Other comprehensive income for the half-year, net of tax	-	60	-	60
Total comprehensive (loss)/income for the half-year	-	60	(5,165)	(5,105)
Balance at 30 June 2023	92,398	1,188	(84,050)	9,536

Consolidated	Issued capital \$'000	Foreign currency translation reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2024	92,398	779	(80,941)	12,236
Loss after income tax expense for the half-year	-	-	(588)	(588)
Other comprehensive income for the half-year, net of tax	-	111	-	111
Total comprehensive (loss)/income for the half-year	-	111	(588)	(477)
Balance at 30 June 2024	92,398	890	(81,529)	11,759

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Phoslock Environmental Technologies Limited
Consolidated statement of cash flows
For the half-year ended 30 June 2024



	Consolidated 30 Jun 2024 \$'000	30 Jun 2023 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	651	1,694
Payments to suppliers and employees (inclusive of GST)	(2,681)	(5,247)
Interest received	50	54
	<u> </u>	<u> </u>
Net cash used in operating activities	(1,980)	(3,499)
Cash flows from investing activities		
Payments for property, plant and equipment	(32)	(317)
Payments for intangibles	(8)	(57)
Payments for financial assets	(2,000)	-
	<u> </u>	<u> </u>
Net cash used in investing activities	(2,040)	(374)
Cash flows from financing activities		
Repayment of lease liabilities	(293)	(331)
	<u> </u>	<u> </u>
Net cash used in financing activities	(293)	(331)
Net decrease in cash and cash equivalents	(4,313)	(4,204)
Cash and cash equivalents at the beginning of the financial half-year	10,622	14,456
Effects of exchange rate changes on cash and cash equivalents	59	53
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial half-year	<u><u>6,368</u></u>	<u><u>10,305</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes



Note 1. General information

The financial statements cover Phoslock Environmental Technologies Limited as a Group consisting of Phoslock Environmental Technologies Limited ('Company', 'PET' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (together referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Phoslock Environmental Technologies Limited's functional and presentation currency.

Phoslock Environmental Technologies Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 3, Level 12
75 Elizabeth Street,
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 2 April 2025.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The directors have determined that the financial statements should be prepared on a going concern basis of accounting. This basis assumes the continuity of normal business activities, the realisation of assets, and the settlement of liabilities in the ordinary course of business.

For the half-year ended 30 June 2024, the Group recorded a loss before income tax benefit of \$588,000 (30 June 2023: loss of \$5,165,000); net cash outflows from operating activities of \$1,980,000 (30 June 2023: outflows of \$3,499,000). The net assets of the Group as of 30 June 2024 were \$11,759,000 (31 December 2023: \$12,236,000), reported a net current asset position of \$11,769,000 (31 December 2023: \$12,274,000), and the Group having no external loan facilities and no litigation matters currently against it.



Note 2. Material accounting policy information (continued)

During the 30 June 2023 interim financial statements, the Group presented a non-going concern basis of preparation. As of 31 December 2023 and 30 June 2024, after the review of the following aspects of the Group, the new directors believe that the financial statements should be prepared on a going concern:

(a) Operational capability

The Board continues to ensure the Company's operational capabilities through the following initiatives:

- Continuing the global sales of Phoslock®.
- Keeping the China warehouse operational.
- Maintaining the lease of the China factory to enable a swift resumption of production if required.
- Retaining the General Manager in the USA and key personnel in China.
- Recruiting a General Manager for the UK and Europe to strengthen regional leadership.
- Hiring research staff in China to support innovation and development.
- Sustaining distribution agreements in the US, Brazil, Europe, and China.

(b) Sales

The budgeted sales forecast for 2024 is approximately 250 tonnes, with sales in 2025 expected to see a significant increase.

(c) Inventory

The Group currently holds ample inventory. However, if the Company's forward projections are realized, the Changxing factory may need to resume production in 2026 to replenish stock.

(d) Project pipeline

Significant efforts have been made to expand the project pipeline, with numerous projects currently under negotiation or quotation globally. The majority involve volumes in the tens of tonnes, while some are in the hundreds of tonnes, and a select few exceed 1,000 tonnes.

(e) Cash position

Since the new Board was elected, the strategy has centred on restructuring the business to drive sales growth while reducing operating costs. Based on current cash flow forecasts, it is estimated that the available cash for future operating activities will sustain the business for at least 8 quarters, provided there is no significant escalation in legal expenses.

The Board is committed to making the Group profitable and cash-positive and will continue to refine its strategy to best achieve these objectives. With no intention of selling, liquidating, or winding up the Company, and based on its assessment of operational capabilities, cash position, forecast sales, project pipeline, and cash resources, the Board believes the Group will continue as a going concern. Additionally, the Board believes that any contingent liability arising from the AFP investigation into the actions of previous officers will not affect the current going concern assessment. However, it will be disclosed in the financial statements until the matter is resolved.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into four operating segments based on geographical areas: Australia/NZ, Europe/UK, US/Canada/Brazil and China. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews Underlying EBIT (earnings before interest and tax adjusted for non-cash items). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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

Intersegment transactions

Intersegment sales were made at an internally determined transfer price. The price is based on what would be realised in the event the sale was made to an external party at arm's-length. Intersegment sales are eliminated on consolidation.



Note 3. Operating segments (continued)

Corporate charges are allocated to reporting segments based on the segment's overall proportion of revenue generation within the Group. The Board believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

Consolidated - 30 Jun 2024	Australia/NZ \$'000	Europe/UK \$'000	US/Canada/ Brazil \$'000	China \$'000	Eliminations \$'000	Total \$'000
Revenue						
Sales to external customers	134	11	422	8	-	575
Intersegment sales	6	-	-	7	(13)	-
Total revenue	140	11	422	15	(13)	575
EBIT	(729)	(169)	(69)	(271)	(35)	(1,273)
Interest revenue						50
Foreign exchange loss						5
Impairment of assets						652
Finance costs						(22)
Loss before income tax expense						(588)
Income tax expense						-
Loss after income tax expense						(588)
Assets						
Segment assets	5,084	716	700	6,130	(201)	12,429
Total assets						12,429
Liabilities						
Segment liabilities	1,167	359	170	108	(1,134)	670
Total liabilities						670



Note 3. Operating segments (continued)

Consolidated - 30 Jun 2023	Australia/NZ \$'000	Europe/UK \$'000	US/Canada/ Brazil \$'000	China \$'000	Eliminations \$'000	Total \$'000
Revenue						
Sales to external customers	280	107	864	-	(249)	1,002
Intersegment sales	2	-	-	374	(376)	-
Total revenue	<u>282</u>	<u>107</u>	<u>864</u>	<u>374</u>	<u>(625)</u>	<u>1,002</u>
EBIT	<u>(2,536)</u>	<u>(352)</u>	<u>(271)</u>	<u>(483)</u>	<u>6</u>	<u>(3,636)</u>
Interest revenue						53
Foreign exchange loss						(67)
Gain on remeasurement of lease liabilities						140
Reversal of impairment of receivables						624
Impairment of assets						(890)
Wind down expenses						(1,374)
Finance costs						(15)
Loss before income tax expense						<u>(5,165)</u>
Income tax expense						-
Loss after income tax expense						<u>(5,165)</u>

Consolidated - 31 Dec 2023

Assets						
Segment assets	6,842	1,014	854	6,492	(761)	14,441
Total assets						<u>14,441</u>
Liabilities						
Segment liabilities	3,987	489	1,902	3,765	(7,938)	2,205
Total liabilities						<u>2,205</u>

Note 4. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 30 Jun 2024 \$'000	30 Jun 2023 \$'000
Geographical regions		
Australia/NZ	134	280
Europe/UK	11	107
US/Canada/Brazil	422	615
China	8	-
	<u>575</u>	<u>1,002</u>
Timing of revenue recognition		
Goods transferred at a point in time	575	995
Services transferred at a point in time	-	7
	<u>575</u>	<u>1,002</u>



Note 4. Revenue (continued)

Seasonality of operations

The Group's sale of goods is subject to seasonal fluctuations as a result of weather conditions. In particular, the sales and application of Phoslock® in northern China and European regions are affected by the winter weather conditions, which occur primarily from November to February.

Note 5. Expenses

Consolidated
30 Jun 2024 30 Jun 2023
\$'000 \$'000

Loss before income tax includes the following specific expenses:

Depreciation

Plant and equipment	11	144
Land and buildings right-of-use assets	-	50
Office equipment right-of-use assets	-	1
	<hr/>	<hr/>
Total depreciation	11	195

Amortisation

Patents and trademarks	-	18
	<hr/>	<hr/>
Total depreciation and amortisation	11	213

Impairment of assets/(reversals)

Inventories	(647)	672
Plant and equipment	-	224
Right-of-use assets	-	(51)
Patents	(5)	45
	<hr/>	<hr/>
Total impairment	(652)	890

Finance costs

Interest and finance charges paid/payable on lease liabilities	22	15
	<hr/>	<hr/>

Net foreign exchange (gain)/loss

Net foreign exchange (gain)/loss	(5)	67
	<hr/>	<hr/>

Employee benefits expense

Employee benefits expense excluding superannuation	563	1,671
Defined contribution superannuation expense	13	74
	<hr/>	<hr/>
Total employee benefits expense	576	1,745



Note 6. Trade and other receivables

	Consolidated	
	30 Jun 2024	31 Dec 2023
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	1,543	1,526
Less: Allowance for expected credit losses	(12)	(12)
	<u>1,531</u>	<u>1,514</u>
Other receivables	14	17
	<u>1,545</u>	<u>1,531</u>

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Carrying amount		Allowance for expected credit losses	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
	\$'000	\$'000	\$'000	\$'000
Not overdue	1,373	1,352	-	-
3 to 6 months overdue	-	153	-	-
Over 6 months overdue	170	21	12	12
	<u>1,543</u>	<u>1,526</u>	<u>12</u>	<u>12</u>

Note 7. Inventories

	Consolidated	
	30 Jun 2024	31 Dec 2023
	\$'000	\$'000
<i>Current assets</i>		
Raw materials - at cost	847	840
Less: Provision for impairment	-	(549)
	<u>847</u>	<u>291</u>
Finished goods - at cost	2,527	2,956
Less: Provision for impairment	(1,382)	(1,478)
	<u>1,145</u>	<u>1,478</u>
	<u>1,992</u>	<u>1,769</u>

As at 30 June 2024, PWSC holds 1,278 tonnes of Phoslock® worth \$960,000 that has been defined as having a quality issue or defect in the product during the manufacturing process which renders it non-resaleable or non-useable in its current state, and therefore impairment has been fully provided for. During the period, 22 tonnes of the affected Phoslock® were reprocessed and repackaged by the manufacturing department. Subsequent testing performed internal quality department confirmed that the quality of the reprocessed product meets customer requirements. As a result, these products have been successfully sold to customers.



Note 8. Financial assets

	Consolidated	
	30 Jun 2024	31 Dec 2023
	\$'000	\$'000
<i>Current assets</i>		
Other deposits to related parties	2,000	-
Term deposits	100	100
	<u>2,100</u>	<u>100</u>

Other deposits to related parties

On 7 March 2024, the new Board resolved to invest the Group's surplus working capital with Beradee Pty Ltd (ATF Shaw Properties Trust, ABN 75 135 718 446), a company controlled by Fred Bart, the Chairman. The objective of this investment is to secure a higher interest rate (5% p.a. at call) compared to the current returns from term deposits. This investment is structured as an unsecured, at-call deposit facility. Subsequent to 30 June 2024, the principal has been returned, with interest paid.

Note 9. Trade and other payables

	Consolidated	
	30 Jun 2024	31 Dec 2023
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables	530	517
Accrued expenses	118	379
Other payables	(74)	294
	<u>574</u>	<u>1,190</u>

Note 10. Provisions

	Consolidated	
	30 Jun 2024	31 Dec 2023
	\$'000	\$'000
<i>Current liabilities</i>		
Lease provisions	-	186

Lease provisions

During the prior period the Company's subsidiary in USA signed a development agreement with Advanced Casper, based in Wyoming USA. The agreement provided the option for the Group to establish a manufacturing facility in Casper Wyoming subject to a business case. As a consideration, the Group was obligated to pay up to \$186,000 (in rental and outgoings) for 2 years. These amounts constitute all payments that the Group is obligated to pay for the Casper project should the business decide not to go ahead with project. As of 30 June 2024, Advanced Casper has cancelled the obligation under the contract, thus, the provision has been reversed.



Note 10. Provisions (continued)

Movements in provisions

Movements in each class of provision during the current financial half-year, other than employee benefits, are set out below:

	Lease provisions \$'000
Consolidated - 30 Jun 2024	
Carrying amount at the start of the half-year	186
Unused amounts reversed	(186)
	<hr/>
Carrying amount at the end of the half-year	<hr/> <hr/> -

Note 11. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 12. Contingent liabilities

The Group is continuing to assess regulatory, compliance and operational matters connected with its Chinese operations which may result in penalties or the Group incurring additional costs. These are discussed in more detail below. As at the date of this financial report it is not possible to measure any contingent obligations with sufficient reliability as they remain subject to the outcome of future events not wholly within the control of the entity. The Group will recognise a liability for these amounts if and when the possible obligations can be reliably measured.

Tax and Environmental Matters

The Group identified certain adjustments associated with historical income tax deductions, research and development activities and withholding tax matters which resulted in the restatement of prior period financial statements. These adjustments may result in penalties or interest in future periods. As at the date of this report, other than items detailed in this report, no amount has been provided for such costs as it is not possible to measure the contingent obligation with sufficient reliability as it remains subject to the outcome of future events not wholly within the control of the entity. These matters may require amendments to previously lodged income tax returns and therefore create an uncertain tax position in relation to the tax authorities' views in relation to these corrections. In addition, these adjustments may result in penalties or interest in future periods.

The Group is continuing to assess certain regulatory compliance and operational matters associated with excess wastewater discharge connected with its Chinese manufacturing operations which may result in penalties or the Group incurring additional costs associated with rectification activities from regulatory bodies such as environmental authorities. As at the date of this financial report it is not possible to measure the contingent obligation with sufficient reliability as it remains subject to the outcome of future events not wholly within the control of the Group. The Group will recognise a liability for these amounts if and when the contingent obligations are confirmed and can be reliably measured.

Regulatory authorities

As indicated in previous announcements and disclosures, the Company self-reported the suspected fraud and mismanagement issues identified by current management and entered into an Investigation Cooperation Agreement ('ICA') with the Australian Federal Police ('AFP') in November 2021. This agreement requires the Company to engage cooperatively with the AFP.

The Company's engagement with the AFP is ongoing. In accordance with the ICA between AFP and the Company, the Company has committed to cooperating with the AFP which will be a factor for the Commonwealth Director of Public Prosecutions ('CDPP') when deciding whether or not to prosecute the Company or offer it a Deferred Prosecution Agreement should that option become available under Australian Law. Even if the CDPP ultimately decides to prosecute the Company, the Company considers that its cooperation should also be a mitigating factor for sentencing purposes in respect of penalties to be imposed on the Company.

The ICA deals primarily with offences in the nature of bribery and foreign corruption. There are other offences and proceedings which may be of relevance to the Company's past actions, some of which are within the purview of the AFP, while others are the domain of other regulatory agencies.



Note 12. Contingent liabilities (continued)

The Company has also engaged in discussions with the Australian Securities and Investments Commission ('ASIC'). ASIC has made enquiries in relation to PET and its financial accounts that have been lodged with ASIC. The AFP has also referred certain allegations arising from the Company's engagement with the AFP under the ICA to ASIC for its consideration.

There is a risk that the Company will be exposed to judgments, fines and penalties arising from regulatory activity including the AFP's investigation and ASIC's inquiries that may have an adverse impact on its financial performance and financial position.

Claims by or against other persons involved in the Company's affairs

The 16 November 2021 and 25 May 2022 Announcements foreshadowed claims that may be brought by PET against individuals including former directors Zhigang Zhang and Rob Schuitema. The 16 September 2022 Announcement stated that "After carefully considering (1) inquiries and investigations currently on foot by regulators, with compulsory powers to access documents and information, (2) the significant resources that would be expended by the Company and its key personnel in pursuing these claims, (3) the quantum of potential compensation that could be obtained by the Company, should the claims be successful, the Company has determined to await the outcome of inquiries by regulatory agencies before the filing of legal claims against the aforementioned parties."

In November 2024, Phoslock Environmental Technology, along with its former executives and auditor, was named in legal proceedings concerning investor activity from 2018–2020. The Company denies liability and will vigorously defend the claims. Additional details are available in the "Events After the Reporting Period" section.

At this stage, the claims are in their early stages, and it is not possible to reliably estimate the potential financial impact, if any, that may arise from these proceedings. Accordingly, no provision has been recognized in respect of these matters as at 30 June 2024. The Company will continue to monitor the progress of these cases and update its assessment as further information becomes available.

Note 13. Related party transactions

Parent entity

Phoslock Environmental Technologies Limited is the parent entity.

Transactions with related parties

There were no transactions with related parties during the current and previous financial half-year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	30 Jun 2024	31 Dec 2023
	\$	\$
Current receivables:		
Other deposits to related parties	2,000,000	-

As disclosed in note 8, the other deposit to related parties is related to investment to Beradee Pty Ltd (ATF Shaw Properties Trust, ABN 75 135 718 446), a company controlled by Fred Bart, the Chairman. Subsequent to 30 June 2024, the principal has been returned, with interest paid.



Note 14. Earnings per share

	Consolidated	
	30 Jun 2024	30 Jun 2023
	\$'000	\$'000
Loss after income tax attributable to the owners of Phoslock Environmental Technologies Limited	<u>(588)</u>	<u>(5,165)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>624,390,509</u>	<u>624,390,509</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>624,390,509</u>	<u>624,390,509</u>
	Cents	Cents
Basic loss per share	(0.09)	(0.83)
Diluted loss per share	(0.09)	(0.83)

Note 15. Events after the reporting period

Subsequent to 30 June 2024, the other deposits of \$2,000,000 to the Beradee Pty Ltd (ATF Shaw Properties Trust, ABN 75 135 718 446), a company controlled by Fred Bart, the Chairman has been returned, with interest paid.

In November 2024, a group proceeding was initiated in the Federal Court of Australia against Phoslock Environmental Technology (the Company), naming it as a respondent. The case, filed by the Banton Group, also includes Laurence Stephen Freedman AM, the former Chairman, Robert Paul Schuitema, the former Managing Director, and KPMG, the Company's former auditor (ABN 51 194 660 183).

The proceedings represent individuals who acquired fully paid ordinary shares in Phoslock Environmental Technology (Phoslock Shares) between 11 October 2018 and 17 September 2020 (Relevant Period), or held such shares prior to and throughout the Relevant Period. It also represents individuals who held a "long exposure" to Phoslock Shares by entering into equity swap agreements during the Relevant Period. The Company denies liability and intends to vigorously defend the claims.

The Company has also been identified as the First Prospective Respondent in preliminary discovery proceedings filed by Levitt Robinson in the Federal Court of Australia. These proceedings involve the same parties named in the Group Proceedings as prospective respondents. There is a possibility that the claims under Preliminary Discovery Proceedings may overlap with those in the Group Proceedings.

On 23 October 2024, the parent entity repatriated a capital amount of RMB 20 million (Chinese Yuan) from PWSC, equivalent to AUD 2.7 million. This repatriation was executed in the form of capital repayment. The transaction has been appropriately reflected in the financial statements in accordance with the relevant accounting standards, and the exchange rate used for the conversion was consistent with the rate applicable at the time of the transaction.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, notwithstanding that the financial statements have been prepared on the non-going concern basis.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Fred Bart
Chairman

2 April 2025
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF PHOSLOCK ENVIRONMENTAL TECHNOLOGIES LIMITED

Conclusion

We have reviewed the half-year financial report of Phoslock Environmental Technologies Limited (the Company and its subsidiaries (the Group)) which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Phoslock Environmental Technologies Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half-year ended on that date, and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors' for the Financial Report

The directors of Phoslock Environmental Technologies Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



SW Audit
Chartered Accountants



Hayley Underwood
Partner

Melbourne, 2 April 2025