**VOLT POWER GROUP LIMITED**

**ABN:** 62 009 423 189

**ASX CODE:** VPR

**BOARD**

**Adam Boyd**
Executive Chairman

**Paul Everingham**
Non-Executive Director

**Peter Torre**
Non-Executive Director

**Simon Higgins**
Non-Executive Director

**ISSUED CAPITAL**
10,717M Ordinary Shares
885M Unlisted Options

**PRINCIPAL OFFICE**
6 Bradford Street
Kewdale WA 6105

**REGISTERED OFFICE**
Unit B9, 431 Roberts Road,
Subiaco WA 6008

**CONTACT**
**Mr Adam Boyd**
Executive Chairman

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# ASX ANNOUNCEMENT

**31 January 2023**

## Volt Power – Q4 FY22 Operational Activity Update

| Q4 FY22 HIGHLIGHTS |
|---|
| **<u>Record</u> Volt Group annual Ordinary Revenue receipts of $4.23 million generating surplus FY22 operating cashflow of $1.59 million** |
| **FY22 Volt Group annual Ordinary Revenue receipt growth totaled ~31.6%** |
| **Wescone and EcoQuip generated Ordinary Revenue receipt growth of 29% and 40% respectively** |
| **Wescone and EcoQuip sales of proprietary equipment technologies comprised a spread of revenues across a broad Tier 1 client base** |
| **EcoQuip advanced potential Mobile Solar Light Tower (MSLT) hire opportunities with existing & new customers totaling ~100x MSLTs** |
| **EcoQuip advanced MSLT east coast distribution contract negotiations with a highly credentialed equipment hire and sales partner. At the time of writing these contract negotiations were incomplete** |
| **EcoQuip's 6-month BHP MSLT demonstration trial has expanded to four MSLTs after two more 'BHP spec' prototype units were completed. Documentation to extend the trial for ~3-months is under preparation** |
| **The Company acquired the remaining ~30% of EcoQuip from the EcoQuip founder during the Quarter. The EcoQuip founder is now the Company's second largest shareholder with a 13.3% shareholding** |
| **EcoQuip engaged a national sales manager and third-party consultant to accelerate sales growth & develop a national strategic market roadmap. Roadmap execution commencement is planned for Q2 2023** |
| **EcoQuip MSLT R&D endeavours include new 'machine learning / AI' software updates to further enhance power reliability performance** |
| **Volt secured a positive assessment of its HYTEN 'Waste Heat to Hydrogen' Preliminary International Patent application with all claims confirmed as novel, inventive and compliant with the PCT** |
| **Volt advanced an EPC Contract Alliance Agreement with a significant Australian multi-disciplined engineering & construction partner for the construction of projects using its proprietary ATEN / HYTEN 'Waste Heat to Energy' technology. These negotiations are incomplete** |
| **Several presentations were provided to ATEN / HYTEN project opportunity stakeholders. Discussions are continuing** |
| **ATO R&D Tax Rebate funding of ~$0.4 million was received** |

***Wescone (100% owned) – Delivering Reliable Solutions & Cashflow***

- Wescone is the Original Equipment Manufacturer (OEM) of the proprietary W300 sample crusher extensively deployed in the global iron ore and assay laboratory industries. The Wescone OEM offering comprises three sample crushing equipment solutions with alternative dimensional feed acceptance capabilities – the W300 Series 3, W300 Series 4 and W300 Lab crushers.

- During the Quarter, Wescone performed well receiving ~$0.76 million in revenue receipts. The business continues to respond to new tender and enquiry opportunities for mineral resource & laboratory sample system projects in Australia and Africa.

- As previously reported, Wescone received confirmation that its South African Patent Application for the Wescone W300 Series 4 crusher had been accepted. Wescone has initiated formal Patent Applications for the North American and Eurasian continents during Q4 2022.

- Wescone maintains a growth strategy comprising the appointment of Distribution Agents with a sales and service capability in Africa and North America and expanding the application of its crusher solution into sample and production flowsheet designs in other bulk, battery and rare earth commodities.

- FY22 Wescone annual revenues received exceeded $3.0 million.

***EcoQuip (100% owned) – Multiple MSLT Deployment Negotiations Advancing***

- EcoQuip is the OEM of a new “next generation” Mobile Solar Light & Communications Tower solution (MSLT / MSCT). The MSLT / MSCT solution sets a new benchmark in Solar / BESS reliability and safety, charge efficiency, remote control, data analytics and system redundancy.

- The EcoQuip MSLT incorporates a proprietary, zero emission, high efficiency solar / BESS power management system capable of up to ~40% enhanced efficiency compared to similar industry standard Solar LED / BESS systems delivering benchmark power budget.

- EcoQuip’s 27x MSLT units deployed under a 5-Year Hire Contract at the Chevron operated Gorgon natural gas facility on Barrow Island, WA continued to perform per expectations. Discussions for the potential supply of up to another ~35x MSLT units to support the on-shore construction activities of the Jansz-Io Compression Project and expanding Carbon Capture & Storage Project are advancing. This potential deployment is expected to occur over several tranches during 2023.

- EcoQuip’s remaining deployed MSLT / MSCT fleet also performed well during the Quarter. The total completed EcoQuip Mobile Solar Light Tower & Mobile Solar Communications Tower fleet achieved an average utilization of ~65%.

- The EcoQuip Mobile Solar Environmental Tower (MSET) trial on Barrow Island commenced during Q4 2022. The prototype MSET incorporates high resolution low light camera surveillance and satellite streaming capability to monitor wildlife movement and protection. The MSET trial has been an outstanding success.

- EcoQuip’s national MSLT ‘roll-out’ strategy plan continued to progress during the period. Negotiations with its potential MSLT distribution, sales and customer service partner across Australia’s eastern states advanced positively. The Volt Board remains excited about the potential of the opportunity to work with a highly experienced and established equipment hire and sales business. At the time of writing this report these negotiations have progressed to an advanced stage, however are incomplete.

- EcoQuip’s MSLT demonstration trials with BHP, Albermarle, Thiess and other potential large deployment customers for the EcoQuip MSLT / MSCT continue to progress positively and receive positive feedback. Deployment negotiations and discussions with these parties are progressing well.

- EcoQuip finalised its critical inventory plan & supply chain strategy (Supply Chain Strategy) during the

period subject to Board approval. The Supply Chain Strategy was developed to ensure potential geo-political supply chain disruption can be mitigated and delay risks minimised. The formal strategy is expected to be implemented during Q1 CY23 with some activities already initiated.

- FY22 EcoQuip annual revenues received were ~$0.9 million.

***ATEN Waste Heat to Power (100% owned) – Low-Cost, Zero Emission Baseload Electricity Supply***

- The ATEN Waste Heat to Power technology is a combined heat recovery and organic rankine cycle turbine system that can recover and utilise industrial waste heat otherwise vented to atmosphere to generate zero emission, baseload electricity. ATEN enjoys Australian Innovation Patent certification (AIP # 2020202347)

- ATEN has the salient competitive advantage and capability to generate baseload, zero emission incremental electricity for ~60% lower CAPEX and ~50% lower lifecycle cost compared to annual equivalent generation solar / wind installations.

- Importantly however, ATEN Waste Heat to Power is compatible and complimentary to the installation of hybrid Solar / Wind intermittent power generation technologies. ATEN's zero-emission, baseload power supply capability reduces the carbon intensity of OCGT & reciprocating engine powered thermal generation required to a supply grid firming generation capacity to electricity grids connected to intermittent Solar/Hybrid and Wind generation.

- The Company identified new project opportunities for the ATEN system during the Quarter and developed project concept presentations to waste heat resource owners including state owned power generation and LNG production facility owners. These engagements are ongoing and demonstrate significant emission reduction and new value opportunity for all stakeholders.

- The commercialization of ATEN has encountered some hesitancy as potential customers evaluate the cost and risks associated with the installation of intermittent renewables, associated battery technologies, complex control systems and other zero emission energy technologies including hydrogen and ammonia solutions. An initial investment step to install low penetration renewables (up to 30%) has the current populist, political and technical risk appeal given existing thermal systems are sufficiently dynamic to provide the required grid stability support for low penetration intermittent renewable installations.

- The installation of renewable technologies to achieve medium to high penetration zero emission targets (b/n 30 – 80%) present accelerating capital costs of renewables capacity, battery storage and complex control systems as intermittent energy systems do not enjoy economies of scale. The Company expects battery and renewable capacity costs to continue to accelerate higher in accordance with consensus commodity analyst commentary. Particularly as significant investments are made globally in low penetration renewables installations on thermally supported grid systems over the next decade.

- The Company remains highly optimistic that compelling opportunities to deploy the Volt ATEN Waste Heat to Power solution exist and will continue to prosecute a committed business development effort to resource project, LNG facility, power generation and industrial waste heat resource owners.

***HYTEN – Waste Heat to Hydrogen (100% owned) – Low Cost Zero Emission Hydrogen***

- The HYTEN Waste Heat to Hydrogen technology comprises the aforementioned ATEN system supplying baseload, zero emission electricity and heat (where optimal) to solid oxide, PEM and alkaline electrolyser systems.

- During the Quarter, the Company secured a positive assessment of its HYTEN 'Waste Heat to Hydrogen' technology Preliminary International Patent application with all claims confirmed as novel, inventive and compliant with the PCT. The preliminary assessment encompasses HYTEN systems that incorporate all of alkaline, proton exchange membrane and solid oxide electrolyser technologies. This is an exciting development and the Company has progressed global patent documentation to initiate final patent process assessment and approvals.

- As previously reported, preliminary HYTEN engineering activities have confirmed that HYTEN has numerous cost and technical competitive advantages relative to an equivalent annual hydrogen production Solar / Wind to Hydrogen system. These include:
  - A ~60% lower LCOE* for zero emission electricity supply to the electrolyser;
  - Up to ~300% greater electrolyser utilization performance (baseload Vs intermittent power supply);
  - At least 50%+ lower electrolyser CAPEX;
  - Higher system efficiency (particularly incorporating solid oxide electrolyser technology); and
  - A levelised, zero emission hydrogen production cost of ~US$2–3/kg.
- The Board remains excited about the potential of the HYTEN technology to facilitate existing LNG facilities, natural gas pipeline compression stations and some power station assets to become significant low-cost hydrogen producers by exploiting the waste heat generated at existing energy infrastructure to create zero emission hydrogen. The potential for on-site use of the HYTEN produced hydrogen to displace fossil fuel combustion is significant.

***Corporate and Appendix 4C – Salient December Quarter Financial & Other Information***

- The Company generated positive Operating Cashflow during the period of approximately $0.57 million for the Quarter.
- The Company held a cash balance of ~$2.3 million at 31 December 2022. Ordinary revenue receipts totaled ~$1.0 million and R&D Tax Rebate receipts of ~$0.4 million for the Quarter.
- Cash payments for the December Quarter totaled ~$1.69 million comprising:
  - Research & Development and Intellectual Property - $0.12 million
  - Staff Costs - $0.20 million
  - Manufacturing Costs - $0.77 million
  - Admin & Other Costs (net) - $0.41 million
  - Cash component of the acquisition of the remaining ~30% EcoQuip shareholding (inc. transaction costs) - $0.19 million
- Related Party payments for Non-Executive Director services for the period totaled $36,652 representing ~3 months of non-executive director fees.

## End

**Issued by:** **Volt Power Group Limited (ACN 009 423 189)**
**Authorised by:** **The Board of Volt Power Group Limited**

## About Volt

**Volt Power Group Limited (ASX: VPR**) is an industrial technology company that develops and commercializes ESG focused, zero emission power generation and hydrogen production technologies and next generation mining equipment.

The Company's businesses develop and commercialise innovative proprietary OEM equipment delivering "step change" client productivity & cost benefits and reduce scope 1 emissions.

## Business Activity Summary

These activities of our businesses include:

- **ATEN** (100%) – ATEN is a zero-emission waste heat to electricity generation equipment solution. The ATEN is at an advanced stage of initial commercialisation. ATEN enjoys Australian Innovation Patent certification. Refer below;

- **HYTEN** (100%) – HYTEN (patent pending) is a zero-emission waste heat to hydrogen solution developed to capture and exploit industrial waste heat (including gas turbine exhaust heat usually vented to atmosphere) and produce low cost, zero emission hydrogen fuel gas. HYTEN comprises the ATEN Waste Heat to Power system integrated with an alkaline, PEM or solid oxide electrolyser to produce the hydrogen.

- **Wescone** (100%) – the proprietary owner of the globally unique Wescone W300 sample crusher predominantly deployed throughout the global iron ore sector. Wescone has a successful 25+ year operating track record and recently developed a new crusher with larger dimensional acceptance, reduction ratio and durability specifications;

- **EcoQuip** (100%) – developer and owner of a 'best in class' Mobile Solar Lighting & Communications Tower equipment solution incorporating robust design attributes including US military spec design & build quality, solar / lithium (LFP) battery and storage solution and advanced power management, data telemetry & control system capable of LED lighting, LTE Wi-Fi mesh repeater, point to point microwave, environmental monitoring and CCTV technology retro-fit; and

- **Acquisition / Development Strategy** – The Company actively pursues opportunities to expand its broader renewable / low emission power generation and contract services, infrastructure asset & innovative equipment footprint.

**About the ATEN Technology:** The ATEN comprises a modular, power generation equipment package capable of harvesting 'low' grade industrial waste heat to generate zero emission baseload electricity.

ATEN generated electricity is expected to significantly reduce 'energy intensive' industry operating costs via the displacement of grid sourced electricity or fossil fuel usage associated with electricity generation. The global industrial complex vents a significant quantity of 'low' grade waste heat to atmosphere. This quantity of unexploited waste heat presents an outstanding opportunity for the commercial roll-out of ATEN.

The ATEN's simple, high efficiency design and modular configuration - developed to maximise its integration capability - provides a low capex, uniquely compatible and scalable solution for the exploitation of 'low grade' industrial waste heat from existing multiple sources. Volt's priority target markets for the commercialization of the ATEN Technology include the resources and industrial processing sectors.

The salient ATEN Waste Heat to Power technology benefits that resonate with power station owners include:

- Baseload, zero emission incremental power generation (Scope 1 Emission reduction) compatible with Solar Hybrid systems with high penetration;

- Levelised Cost of Electricity (LCOE)* up to ~50% lower than gas and ~80% lower than diesel generation;

- LCOE* ~50% lower than an equiv. annual generation Solar/Battery Energy Storage System (BESS);

- CAPEX ~60% lower than Solar / BESS based on identical annual generation and zero emission performance;

- Hydrogen co-firing capability;

- Carbon Credits (CFI) Act 2011 Offset Project / ACCU eligibility; and

- Zero water & operational personnel requirements

*** Levelised Cost of Energy (LCOE) is based on new ATEN zero emission capacity and operating costs and variable costs of fueled generation (where relevant) in the WA Pilbara region and the ARENA LCOE calculation methodology @ 8% discount rate and 20-year project life including ACCUs ($30/ACCU) and Solar RECs ($35/REC) as applicable.**

**[1]Levelised Cost of Hydrogen (LCOH) is based on the LCOE methodology above inclusive of OEM supplier & EPC installation estimates of the capital and operating costs of hydrogen production via alkaline water electrolysis in the WA Pilbara region.**

# Appendix 4C

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

| **Name of entity** | |
|---|---|
| Volt Power Group Limited | |
| **ABN** | **Quarter ended ("current quarter")** |
| 62 009 423 189 | 31 December 2022 |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (12 months) $A'000** |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 990 | 4,226 |
| 1.2 | Payments for | | |
| | (a) research and development | (72) | (472) |
| | (b) product manufacturing and operating costs | (223) | (534) |
| | (c) advertising and marketing | (27) | (60) |
| | (d) leased assets | (115) | (274) |
| | (e) staff costs | (200) | (862) |
| | (f) administration and corporate costs | (177) | (807) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 5 | 7 |
| 1.5 | Interest and other costs of finance paid | (15) | (41) |
| 1.6 | Income taxes refunded/(paid) | - | - |
| 1.7 | Government grants and tax incentives | 405 | 405 |
| 1.8 | Other (provide details if material) | - | - |
| **1.9** | **Net cash from / (used in) operating activities** | **571** | **1,588** |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (12 months) $A'000 |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | (195) | (195) |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | (543) | (1,271) |
| | (d) investments | - | - |
| | (e) intellectual property | (52) | (238) |
| | (f) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | 13 | 13 |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| **2.6** | **Net cash from / (used in) investing activities** | **(777)** | **(1,691)** |
| **3.** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (10) | (10) |
| 3.5 | Proceeds from borrowings | - | 620 |
| 3.6 | Repayment of borrowings | (63) | (115) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| **3.10** | **Net cash from / (used in) financing activities** | **(73)** | **495** |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (12 months) $A'000 |
|---|---|---|---|
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of period | 2,554 | 1,883 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 571 | 1,588 |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (777) | (1,691) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (73) | 495 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| **4.6** | **Cash and cash equivalents at end of period** | **2,275** | **2,275** |

| **5.** | **Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | **Current quarter $A'000** | **Previous quarter $A'000** |
|---|---|---|---|
| 5.1 | Bank balances | 2,275 | 2,554 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **2,275** | **2,554** |

| **6.** | **Payments to related parties of the entity and their associates** | **Current quarter $A'000** |
|---|---|---|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 37 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

Payments totalling $11,000 (incl. GST) were paid to Isapia Pty Ltd, a company related to Mr Simon Higgins, for non-executive directors' fees.

Payments totalling $14,652 (incl. GST) were paid to Torre Corporate, a trust related to Mr Peter Torre, for non-executive directors' fees.

Payments totalling $11,000 (incl. GST) were paid to Sackville Reach Pty Ltd, a company related to Mr Paul Everingham for non-executive directors' fees.

The above payments represent three (3) months' directors' fees except for the payments to Mr Torre, which represents four (4) months' directors' fees.

| 7. | **Financing facilities**<br>*Note: the term "facility' includes all forms of financing arrangements available to the entity.*<br>*Add notes as necessary for an understanding of the sources of finance available to the entity.* | **Total facility amount at quarter end $A'000** | **Amount drawn at quarter end $A'000** |
|---|---|---|---|
| 7.1 | Loan facilities | - | - |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other (please specify) | 3,000 | 543 |
| 7.4 | **Total financing facilities** | **3,000** | **543** |

| | | |
|---|---|---|
| 7.5 | **Unused financing facilities available at quarter end** | **2,457** |

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

In April 2022, Volt subsidiary, EcoQuip Australia Pty Ltd secured a total of $3 million in new credit financing facilities with Westpac Banking Corporation. These financing facilities consist of a $2 million Revolving Equipment Finance Facility and a $1 million Trade Finance Facility and are secured under a general security agreement. At the end of the Quarter, the facilities were drawn to $0.543 million.

The current interest rates that apply to the above facilities range from 6.21% to 6.36%.

| 8. | **Estimated cash available for future operating activities** | **$A'000** |
|---|---|---|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | 571 |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 2,275 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 2,275 |

| | | |
|---|---|---|
| 8.5 | **Estimated quarters of funding available (item 8.4 divided by item 8.1)** | N/A |

*Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.*

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable

| | |
|---|---|
| 8.6.3 | Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? |
| Answer: Not applicable | |

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2023

Authorised by: By the Board

(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.