

**Resource Generation Ltd**

**ABN 91 059 950 337**

**Half-Year Financial Report - 31 December 2022**

**Resource Generation Ltd**  
**Directors' report**  
**31 December 2022**

The Directors present their report, together with the financial statements, on the Company for the half-year ended 31 December 2022.

**Directors**

The following persons were Directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Campbell Welch  
Keith Glennan  
Peter Ziegler

**Principal activities**

During the current half-year, the Company did not have any operational businesses. The Directors intend to use the Company as a vehicle for a listing on the Australian Securities Exchange.

**Voluntary Administration and Deed of Company Arrangement**

On 2 July 2021, the Company was placed in voluntary administration. The Company's creditors accepted a Recapitalisation Proposal on 10 February 2022, and a Deed of Company Administration (DOCA) was signed on 10 February 2022. The DOCA included the establishment of a Recapitalisation Fund to pay unsecured creditors, and from which costs, charges and expenses of the Deed Administrators were paid. The company satisfied all of its requirements pursuant to the DOCA and was released from administration on 24 June 2022.

**Incomplete records**

To prepare this financial report, the Directors who were only appointed on 27 May 2022, have reconstructed the Company's financial records prior to their appointment using data provided by the Voluntary Administrators and extracted from the Company's accounting records for the year.

Consequently, and although the Directors have prepared this financial report to the best of their knowledge based on the information that is available to them, they are of the opinion that it is not possible to state that the 'statement of profit or loss and other comprehensive income', 'statement of changes in equity' and 'statement of cash flows' for the half year ended 31 December 2021 (prior to the DOCA) has been prepared in accordance with Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. There may be information that the Directors have not been able to obtain, the impact of which may or may not be material to the 'statement of profit or loss and other comprehensive income', 'statement of changes in equity' and 'statement of cash flows' for the half year ended 31 December 2021 (being prior to the DOCA).

**Review of operations**

The loss for the Company after providing for income tax amounted to \$107,787 (31 December 2021: \$6,000).

**Significant changes in the state of affairs**

During the year half-year, the Company issued unsecured convertible notes for \$80,000 (refer to note 3).

On 9 October 2022, the Company entered into an agreement to acquire 100% of the issued capital of Freedom Care Group Pty Ltd, subject to a successful listing of the combined entity on the ASX. A revised agreement was subsequently entered into on 5 May 2023.

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

**Matters subsequent to the end of the financial half-year**

*Convertible notes*

Subsequent to the end of the half year, the Company issued unsecured convertible notes for \$420,000. The notes have the same terms and conditions and the notes issued during the half year ended 31 December 2022 (refer to note 3).

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**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.

**Resource Generation Ltd**  
**Directors' report**  
**31 December 2022**

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



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Campbell Welch  
Director

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31/07/2023

**Resource Generation Ltd  
Auditor's independence declaration**



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**DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF RESOURCE GENERATION LIMITED**

As lead auditor for the review of Resource Generation Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'R M Swaby', is written over a light blue horizontal line.

**R M Swaby**  
Director

**BDO Audit Pty Ltd**

Brisbane, 31 July 2023

**Resource Generation Ltd**  
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**General information**

The financial statements cover Resource Generation Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Resource Generation Ltd's functional and presentation currency.

Resource Generation Ltd is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 706  
Level 7  
89 York Street  
Sydney NSW 2000

A description of the nature of the Company'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 31/07/2023 2023.

**Resource Generation Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2022**

	31 Dec 2022	31 Dec 2021*
	\$	\$
<b>Expenses</b>		
Administration, rent and corporate	(76,681)	(6,000)
Employee benefits expense	(27,627)	-
Finance costs	(3,479)	-
	<hr/>	<hr/>
<b>Loss before income tax expense</b>	(107,787)	(6,000)
Income tax expense	<hr/>	<hr/>
	-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Resource Generation Ltd</b>	(107,787)	(6,000)
Other comprehensive income for the half-year, net of tax	<hr/>	<hr/>
	-	-
<b>Total comprehensive income for the half-year attributable to the owners of Resource Generation Ltd</b>	<u>(107,787)</u>	<u>(6,000)</u>

\* The Company was placed into voluntary administration on 2 July 2021. As a result of this and as detailed in note 1 - *Incomplete Records*, the Directors do not have access to sufficient information to enable this level of disclosure to be made.

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

**Resource Generation Ltd**  
**Statement of financial position**  
**As at 31 December 2022**

	Note	31 Dec 2022 \$	30 Jun 2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		13,351	8,419
Trade and other receivables		8,033	1,765
Total current assets		<u>21,384</u>	<u>10,184</u>
<b>Total assets</b>		<u>21,384</u>	<u>10,184</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	2	109,209	59,202
Borrowings	3	78,900	11,499
Total current liabilities		<u>188,109</u>	<u>70,701</u>
<b>Total liabilities</b>		<u>188,109</u>	<u>70,701</u>
<b>Net liabilities</b>		<u>(166,725)</u>	<u>(60,517)</u>
<b>Equity</b>			
Issued capital		223,858,207	223,858,207
Other equity	4	1,579	-
Accumulated losses		<u>(224,026,511)</u>	<u>(223,918,724)</u>
<b>Total deficiency in equity</b>		<u>(166,725)</u>	<u>(60,517)</u>

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

**Resource Generation Ltd**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2022**

	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total deficiency in equity \$</b>
Balance at 1 July 2021	223,623,207	(506,346)	(335,512,053)	(112,395,192)
Loss after income tax expense for the half-year	-	-	(6,000)	(6,000)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(6,000)	(6,000)
Balance at 31 December 2021	<u>223,623,207</u>	<u>(506,346)</u>	<u>(335,518,053)</u>	<u>(112,401,192)</u>
	<b>Issued capital \$</b>	<b>Other equity \$</b>	<b>Accumulated losses \$</b>	<b>Total deficiency in equity \$</b>
Balance at 1 July 2022	223,858,207	-	(223,918,724)	(60,517)
Loss after income tax expense for the half-year	-	-	(107,787)	(107,787)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(107,787)	(107,787)
<i>Transactions with owners in their capacity as owners:</i>				
Value of conversion rights on convertible notes (note 4)	-	1,579	-	1,579
Balance at 31 December 2022	<u>223,858,207</u>	<u>1,579</u>	<u>(224,026,511)</u>	<u>(166,725)</u>

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



**Resource Generation Ltd**  
**Statement of cash flows**  
**For the half-year ended 31 December 2022**

	31 Dec 2022	31 Dec 2021*
	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(60,569)	-
Interest and other finance costs paid	(3,000)	-
Net cash used in operating activities	(63,569)	-
<b>Cash flows from investing activities</b>		
Net cash from investing activities	-	-
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	80,000	-
Repayment of borrowings	(11,499)	-
Net cash from financing activities	68,501	-
Net increase in cash and cash equivalents	4,932	-
Cash and cash equivalents at the beginning of the financial half-year	8,419	133,882
Cash and cash equivalents at the end of the financial half-year	<u>13,351</u>	<u>133,882</u>

\* The Company was placed into voluntary administration on 2 July 2021. As a result of this and as detailed in note 1 - *Incomplete Records*, the Directors do not have access to sufficient information to enable this level of disclosure to be made for 31 December 2021 comparables (prior to completion of the DOCA and exit from administration on 24 June 2022).

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

**Resource Generation Ltd**  
**Notes to the financial statements**  
**31 December 2022**

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 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'.

**Incomplete records**

To prepare this financial report, the Directors who were only appointed on 27 May 2022, have reconstructed the financial records of the Company (for the periods prior to completion of the DOCA and exit from voluntary administration on 24 June 2022) using data provided by the Voluntary Administrators and extracted from the Company's accounting records for the year. However, there may be information that the Directors have not been able to obtain, the impact of which may or may not be material on the financial statements for these prior periods. These financial statements do not contain all the required information or disclosures in relation to these prior periods for transactions undertaken by the Company as this information is unascertainable due to the external administration of the Company.

Consequently, and although the Directors have prepared this financial report to the best of their knowledge based on the information that is available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

**New or amended Accounting Standards and Interpretations adopted**

The Company 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.

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

**Going concern**

The Directors have prepared the financial report on a going concern basis.

For the financial half-year ended 31 December 2022, the Company achieved a net loss of \$107,787 and net operating cash outflows of \$63,569. At 31 December 2022, the Company had net current liabilities of \$166,725 and total net liabilities of \$166,725.

*(a) Convertible notes*

Subsequent to the end of the half year, the Company issued unsecured convertible notes for \$420,000 (refer to note 6). The notes have a term of 12 months and interest is payable at 8% per annum commencing in the 4th month. Noteholders may convert the principal into shares in the Company at any time during the term of the notes using a conversion price of 14 cents per share. The notes automatically convert into ordinary shares in the Company in the event that the Company re-lists on the ASX using a conversion price of 14 cents per share.

*(b) Freedom Care Group*

On 5 May 2023, the Company entered into a final agreement to acquire 100% of the issued capital of Freedom Care Group Pty Ltd, subject to a successful listing of the combined entity on the ASX. The Company is in the final stages of an IPO to raise \$3,200,000 before costs under a prospectus.

While the convertible note issues are sufficient to fund costs in the short term, the Company will be reliant on future funding through equity or further debt issues in order to achieve its objectives of re-listing on the ASX and completion of the Freedom Care Group acquisition.

These conditions give rise to a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. . Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

**Resource Generation Ltd**  
**Notes to the financial statements**  
**31 December 2022**

**Note 1. Significant accounting policies (continued)**

**Borrowings - compound instruments**

The component parts of convertible loan notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognised in equity will be transferred to issued capital. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

**Note 2. Trade and other payables**

	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current liabilities</i>		
Trade and other payables	65,448	54,618
Other payables	43,761	4,584
	<u>109,209</u>	<u>59,202</u>

**Note 3. Borrowings**

	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current liabilities</i>		
Loan - Director	-	11,499
Convertible notes payable	78,900	-
	<u>78,900</u>	<u>11,499</u>

*Director loan*

The Director loan was unsecured, interest free and had no fixed repayment terms.

*Convertible notes*

During the half-year, the Company issued unsecured convertible notes for \$80,000. The notes have a term of 12 months and interest is payable at 8% per annum commencing in the 4th month. Noteholders may convert the principal into shares in the Company at any time during the term of the notes using a conversion price of 14 cents per share. The notes automatically convert into ordinary shares in the Company in the event that the Company re-lists on the ASX using a conversion price of 14 cents per share.

**Resource Generation Ltd**  
**Notes to the financial statements**  
**31 December 2022**

**Note 3. Borrowings (continued)**

	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
Opening balance	-	-
Face value of notes issued	80,000	-
Other equity securities - value of conversion rights (note 4)	(1,579)	-
Interest expense	479	-
	<hr/>	<hr/>
Closing balance	<u>78,900</u>	<u>-</u>

**Note 4. Other equity**

	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
Conversion right of convertible notes (note 3)	<u>1,579</u>	<u>-</u>

**Note 5. Dividends**

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

**Note 6. Events after the reporting period**

*Convertible notes*

Subsequent to the end of the half year, the Company issued unsecured convertible notes for \$420,000. The notes have the same terms and conditions and the notes issued during the half year ended 31 December 2022 (refer to note 3).

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Resource Generation Ltd**  
**Directors' declaration**  
**31 December 2022**

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;
- (i) Giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date. As noted in note 1 to the financial report, owing to the incomplete records the financial performance for the 31 December 2021 comparative period may be impacted to the extent that there were any material inaccuracies in the 30 June 2021 financial position and the lack of information available to Directors during that period
- (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*.
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

  
\_\_\_\_\_  
Campbell Welch  
Director

\_\_\_\_\_  
31/07/2023

## INDEPENDENT ASSURANCE PRACTITIONER'S REVIEW REPORT

To the members of Resource Generation Limited

### Report on the Half-Year Financial Report

#### Qualified Conclusion

We have reviewed the half-year financial report of Resource Generation Limited (the Company), which comprises the balance sheet as at 31 December 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies 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, except for the effects of the matter described in the *Basis for qualified conclusion* section of our report, that makes us believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

#### Basis for Qualified Conclusion

As disclosed in note 1 to the financial statements, on 2 July 2021, Resource Generation Limited was placed into voluntary administration. Following the appointment of the administrators, the powers of the directors and officers of Resource Generation Limited were suspended and the administrators assumed control of the Company's business, property and affairs. New directors were appointed on 27 May 2022 and the Company was released from administration on 24 June 2022, following the settlement of a Deed of Company Arrangement.

Due to the circumstances, the directors were unable to obtain all the necessary books and records pertaining to the Group and the preparation of historical financial reports. As a result, we were unable to determine whether any adjustments were necessary in respect of the 30 June 2022 financial report and a disclaimer of opinion was issued. A disclaimer of conclusion was also issued in respect of the financial report for the half-year ended 31 December 2021.

Our conclusion on the current period's financial report is therefore also modified because of the possible effect of the above matters on the comparability of the current period's figures and the corresponding figures.



### **Material uncertainty related to going concern**

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the company 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 is free from material misstatement, whether due to fraud or error.

### **Assurance practitioner's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 Company's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

**BDO Audit Pty Ltd**

**Richard Swaby**

Director

Brisbane, 31 July 2023