# ANAECO LIMITED
# ABN: 36 087 244 228

# ANNUAL FINANCIAL REPORT 2019

# Corporate Directory

**Directors**

Mr Martin Casey

Mr Craig Smith

Mr Peter Landos

**Company Secretary**

Mr Craig Smith

**Registered office**

Level 39, 55 Collins Street

Melbourne VIC 3000

Telephone: +61 3 9921 7171

Facsimile: +61 3 9921 7100

**Share registry**

Computershare Investor Services

Level 11

172 St Georges Terrace

Perth WA 6000

**Auditor**

Ernst & Young

8 Exhibition Street

Melbourne VIC 3000

# DIRECTORS' REPORT

The directors present their report together with the Financial Statements of AnaeCo Limited ("the Company" or "AnaeCo") for the year ended 30 June 2019.

## DIRECTORS

The names and details of the Company's directors in office during the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

| Current Directors | Appointed | Position |
|---|---|---|
| Martin Casey | 15 November 2018 | Non-executive director |
| Craig Smith | 15 November 2018 | Non-executive director |
| Peter Landos | 18 November 2020 | Non-executive director |
| **Former Directors** | **Resigned/Retired** | **Position** |
| Steven Nicols[1] | 18 November 2020 | Non-executive director |

[1] Director appointed 15 November 2018, resigned as director on 18 November 2020.

See below descriptions of current directors, and retired director Steven Nicols:

**Martin J Casey BEc, LLB (Monash), Non-executive Director**

Mr Martin J Casey was appointed a director of the Company on 15 November 2018.
Mr Casey is a corporate adviser, with experience as an investment banker and qualified lawyer and he advises a number of clients including Thorney Investment Group.
Mr Casey is a current director of ADG Global Supply Limited and also a partner in VC technology fund Rampersand.
Mr Casey was previously a Director of Corporate Advisory at investment bank Credit Suisse and before that, a partner in an international law firm, (now Norton Rose Fulbright).

**Steve Nicols B.Com, CPA:**

Mr Nicols was appointed a director of the Company on 15 November 2018.
Mr Nicols is current director of Benelong Capital Partners Pty Ltd, and has 32 years of experience in accounting practice, specialising in recapitalising listed ASX Companies.

**Craig Smith B.Bus (Acct), GIA(Cert)**

Mr Smith has been Company Secretary of the private Thorney Investment Group since 2008 and the ASX Listed Investment Companies, Thorney Opportunities Ltd, since 2013 and Thorney Technologies, since 2016

He was formerly CFO / Company Secretary of Baxter Group Limited and Tolhurst Noall Limited.

**Peter Landos, Non-executive Director**

Mr Landos was appointed a director of the Company on 18 November 2020, after the resignation of Mr Nicols.

Mr Landos is current Chief Operating Officer of Thorney Investment Group of Companies, which he joined in 2000. Prior to joining, Mr Landos previously worked at Macquarie Bank Limited. Mr Landos has extensive business and corporate experience, specialising in advising boards and management in mergers and acquisitions, divestments, business restructuring and capital markets. Mr Landos is a non-executive director of Adacel Technologies and Gale Pacific Limited.

# DIRECTORS' REPORT

## MEETINGS OF DIRECTORS

The number of meetings of the Board of Directors of the Company held during year ended 30 June 2019 and the number of meetings attended by each director is as follows:

| | Meetings held | Meetings attended |
|---|---|---|
| Martin Casey | 1 | 1 |
| Steve Nicols | 1 | 1 |
| Craig Smith | 1 | 1 |
| Peter Landos | 0 | 0 |

## DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AND RELATED BODIES CORPORATE

The relevant interest of each Director in Shares of the Company at the date of this report is as follows:

| | Fully Paid Ordinary Shares | In-substance Options Issued under LTI scheme | Total |
|---|---|---|---|
| Martin Casey | - | - | - |
| Steve Nicols | - | - | - |
| Craig Smith | - | - | - |
| Peter Landos[1] | 4,371,300 | - | 4,371,300 |

[1] Shares held at time of the Company entering into administration, 18 December 2017.

## ADMINISTRATION OF THE COMPANY

On 18 December 2017, the directors determined that the Company could not continue to fund its operations and continue as a going concern. On the same day the directors Shaun Scott and Les Capelli resigned as directors, and David Lymburn resigned as Managing Director and Company Secretary, and also resigned as employee. It was agreed that David Lymburn complete his duties until end of December 2017. The Company was then placed immediately into administration.

The decision to place the Company into administration arose as a result of the termination of the Tripartite Agreement between Xiaoqing Environmental Protection Technology Co Ltd ("XEPT"), Monadelphous Group Limited ("Monadelphous") and AnaeCo, known as "the XEPT transaction" detailed in the 30 June 2017 annual financial report. This transaction was to meet AnaeCo's funding needs, however due to the termination of the agreement and with no other alternative transactions available, AnaeCo did not have the financial means to continue as a going concern. Following this, control of all group assets and liabilities was transferred to the Hayden White and Matthew Woods of KPMG ("the Administrators").

From this point, the subsidiaries AnaeCo UK Ltd, AnaeCo Inc, and AnaeCo Asia Pte Ltd were no longer under the control of the AnaeCo Ltd. The directors at the time no longer had the ability to exercise powers over these companies. The subsidiaries had not yet commenced business activities and the prior year values reflect minimal corporate and administrative expenses incurred. During the Company's administration period the subsidiaries have subsequently been de-registered.

On 10 April 2018, Creditors approved a Deed of Company Arrangement ("DOCA") and was executed on 1 May 2018.

On 30 August 2018, the DOCA was extended successfully, as it was not able to be finalised in the initial timeline established earlier.

On 15 November 2018, the DOCA was completed and the Administration of the Company ended.

Pursuant to the DOCA, the Administrators applied the funds received from Thorney Investment Group to the established Creditor's Trust Deed Fund and took steps to remove and appoint directors. The Administrator named three new directors, and the day to day management of the Company was transferred to the directors on this date.

# DIRECTORS' REPORT

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 30 August 2017, the Company's securities were suspended from quotation on the ASX, due to the Company's going concern matters.

In December 2017, the Directors placed the Company into administration. Control of all the assets and liabilities of the Company were transferred to the independent Administrators.

On 10 April 2018, the Company's Creditors voted to approve a DOCA proposed by the Administrators and was executed on 1 May 2018. Under the DOCA Agreement, all claims by Creditors against the Company are completely discharged and become claims against the Creditor's Trust. Further it is agreed that Monadelphous receives a transfer of debtors, per the separate Deed of Assignment of Debt, signed 15 November 2018.

On 15 November 2018, the Company ceased being under administration and three new directors were appointed by the Administrators.

As of the date of the issue of this report, subsidiaries owned by AnaeCo Ltd (AnaeCo UK Ltd, AnaeCo Inc., Anaeco Asia Pte Ltd) are no longer registered and have been de-consolidated.

On 3 February 2020, AnaeCo Limited was officially removed from the official list by ASX under listing rule 17.12. Consequently, the Company is no longer listed on the ASX.

On 18 November 2020, Mr Steven Nicols resigned as director and Mr Peter Landos was appointed as director on the same day.

### OPERATING AND FINANCIAL REVIEW

Since entering administration the Company's operations were under control of the Administrators until 15 November 2018. The Company currently has no operations.

### DIVIDENDS PAID OR PROPOSED

No amounts have been paid or declared by way of dividend by the Company.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

At the date of this report the Company does not have operations. The Board of Directors is currently considering future alternatives for the Company.

### SIGNIFICANT EVENTS AFTER BALANCE DATE

In addition to the matters of the Company noted above, we report that Thorney Investment Group continues to fund the day-to-day operations of the Company. For further details on the funding arrangement, we refer to note 2. No additional subsequent events have been identified.

### REMUNERATION REPORT (UNAUDITED)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* ("the Act") and its Regulations. This information has been audited as required by section 308(3c) of the Act. For the purposes of this report Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company directly or indirectly, including any director (whether executive or otherwise) of the Company.

For the purposes of this report, the term KMP is used in this remuneration report to refer to those persons having authority and responsibility for planning, directing and controlling the activities of the Company.

Administrators were in control from the Company entering into administration on the 18 December 2017 and the Company exiting administration on the 15 November 2018, were the current directors were appointed on this date.

Remuneration for the year ended 30 June 2019 includes the remuneration of the Administrators within the financial year and the current directors.

## REMUNERATION REPORT (UNAUDITED) (continued)

Key Management Personnel are:

- The appointed Administrators Hayden White and Matthew Woods of KPMG (appointed 18 December 2017 to operating subsidiary AnaeCo Ltd, up until 15 December 2018);
- Current directors Mr Martin Casey, Mr Craig Smith, appointed 15 December 2018;
- Mr Steven Nicols, for the period of 15 December 2018 to 18 November 2020; and
- Mr Peter Landos from 18 November 2020.

**Remuneration structure**

For information and explanation regarding the remuneration structure up until 18 December 2017, we refer to the audited remuneration report within the 30 June 2018 financial statements.

Service Arrangements

The following service arrangements have been agreed between the Company and the Directors with respect to remuneration and other terms of employment from the date the Company entered into Administration to the date of this report.

Administrators Hayden White and Matthew Woods of KPMG

- Appointed 18 December 2017
- The remuneration of the Administrators was calculated on an hourly rate basis, plus GST and disbursements. These rates were approved by creditors.
- Total remuneration of Administrators for period ended 30 June 2018 was $165,000 plus $4,552 in disbursements.

Mr Martin Casey and Mr Steven Nicols;

- Commenced as Director on the 15 November 2018, Mr Steven Nicols resigned as director on 18 November 2020.
- No term has been set, unless the Director is not re-elected by shareholders of the Company
- Base annual fee of $nil until the Company is successfully re-purposed

Mr Craig Smith

- Commenced as Director on the 15 November 2018
- Has an employment contract with TIGA Trading Pty Ltd, not the Company
- No base salary or other compensation was received or is receivable by the Director in relation to services rendered to the Company.

Mr Peter Landos

- Commenced as Director on 18 November 2020
- Has an employment contract with TIGA Trading Pty Ltd, not the Company,
- No base salary or other compensation was received or is receivable by the Director in relation to services rendered to the Company.

**END OF REMUNERATION REPORT**

# DIRECTORS' REPORT

### SHARE OPTIONS

At the date of this report no other issued options over ordinary shares existed as they expired without exercise before the end of the previous year.

No options were issued or exercised during the year. No options were granted or exercised subsequent to the end of the financial year.

### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the year the Company did not pay for insurance in respect of a Directors and Officers.

### INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

### ENVIRONMENTAL REGULATIONS AND PERFORMANCE

During the year and up to the date of this report the Company has complied with all of its environmental obligations, where applicable.

### PROCEEDINGS ON BEHALF OF THE COMPANY

Prior to legal proceedings being taken against the Company, the Company was placed into voluntary administration by the Directors. All claims against the Company were extinguished and became property of the Creditor's Trust.

### AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF ANAECO LIMITED

The directors have received an Independence Declaration from Ernst & Young the auditor of AnaeCo Limited which forms part of this Directors' Report and is included on page 8 of this financial report.

### NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services: Tax consulting and compliance services; $8,000.

### OTHER DISCLOSURES

The Company is domiciled in Australia and was a public listed Company on the Australian Securities Exchange (trading symbol: ANQ), until 3 February 2020. The registered office and principal place of business is 55 Collins Street, Melbourne, Victoria 3000.

Signed in accordance with a Resolution of the Board of Directors.

Martin Casey
Chairman
Melbourne, 19 March 2021

Ernst & Young
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# Auditor's Independence Declaration to the Directors of AnaeCo Ltd

As lead auditor for the audit of the financial report of AnaeCo Ltd for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Kester Brown
Partner
19 March 2021

## CORPORATE GOVERNANCE STATEMENT

The Company entered into voluntary administration on 18 December 2017 and control of the Company passed to the Administrators.

The current Board is in the process of transforming and recapitalising the Company, as described in the Directors' report. Therefore the Corporate Governance policies are the subject of further review by the current Board.

For a copy of the previous Corporate Governance Statement that operated prior to the Company being placed into administration, please refer to the 30 June 2017 Annual Report.

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

| | Notes | June 30 2019 $ | June 30 2018 $ |
|---|---|---|---|
| **Continuing operations** | | | |
| Finance costs | | (18,318) | - |
| Corporate and administration expenses | | (52,613) | (62,000) |
| Gain (loss) before income tax expense from continuing operations | | (70,931) | (62,000) |
| Income tax (expense)/benefit | 4 | - | - |
| Net loss after tax and total comprehensive loss for the period attributable to members of AnaeCo Limited from continuing operations | | (70,931) | (62,000) |
| **Discontinued operations** | | | |
| Gain (loss) after tax for the period from discontinued operations | 3 | 20,241,853 | (2,477,196) |
| Net gain (loss) after tax attributable to members of AnaeCo Limited and total comprehensive expense for the period | | 20,170,922 | (2,539,196) |
| Gain (loss) per share from continuing operations (cents) | | 0.00 cents | 0.00 cents |
| Diluted gain (loss) per share from continuing operations (cents) | | 0.00 cents | 0.00 cents |
| Gain per share from discontinued operations (cents) | | 0.01 cents | (0.09) cents |
| Diluted gain per share from discontinued operations (cents) | | 0.01 cents | (0.09) cents |

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

| | Notes | June 30 2019 $ | June 30 2018 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | | - | - |
| Trade and other receivables | | 320 | - |
| Other assets | | - | - |
| Assets held for disposal | 3 | - | 2,882,092 |
| **TOTAL CURRENT ASSETS** | | 320 | 2,882,092 |
| **Non-Current Assets** | | | |
| Property, plant and equipment | | - | - |
| Intangible assets | | - | - |
| **TOTAL NON-CURRENT ASSETS** | | - | - |
| **TOTAL ASSETS** | | 320 | 2,882,092 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 108,000 | 62,000 |
| Interest bearing loans and borrowings | 5 | 768,318 | - |
| Non-interest bearing liabilities | | 6,933 | - |
| Liabilities directly associated with the assets held for disposal | 3 | - | 23,873,945 |
| **TOTAL CURRENT LIABILITIES** | | 883,251 | 23,935,945 |
| **Non-Current Liabilities** | | | |
| Provisions | | - | - |
| **TOTAL NON-CURRENT LIABILITIES** | | - | - |
| **TOTAL LIABILITIES** | | 883,251 | 23,935,945 |
| **NET LIABILITIES** | | (882,931) | (21,053,853) |
| **EQUITY** | | | |
| Contributed equity | 6 | 68,351,419 | 68,351,419 |
| Reserves | 7 | - | - |
| Accumulated losses | 8 | (69,234,350) | (89,405,272) |
| **TOTAL SHAREHOLDERS' DEFICIT** | | (882,931) | (21,053,853) |

The accompanying notes form part of these financial statements.

## STATEMENT OF CASH FLOWS
For the year ended 30 June 2019

| | Notes | 12 months June 30 2019 $ | 12 months June 30 2018 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees | | - | (1,747,859) |
| R&D tax incentive received | | - | 777,171 |
| Other income | | - | 36,216 |
| Interest received | | - | 1,515 |
| Interest paid | | - | (405) |
| Cash asset held for disposal | | - | (538,450) |
| **Net cash flows from/(used in) operating activities** | 9 | - | (1,471,812) |
| **Cash flows from investing activities** | | | |
| Purchases of property, plant and equipment | | - | - |
| Disposals of property, plant and equipment | | - | - |
| **Net cash flows from/(used in) investing activities** | | - | - |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | - | 1,900,000 |
| Repayment of borrowings | | - | (777,000) |
| **Net cash flows (used in)/from financing activities** | | - | 1,123,000 |
| **Net decrease in cash and cash equivalents** | | - | (348,812) |
| Cash and cash equivalents at beginning of period | | - | 348,812 |
| **Cash and cash equivalents at end of period** | | - | - |

The accompanying notes form part of these financial statements and include cash flows relating to discontinued operations.

## STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2019

| For the year ended 30 June 2019 | Contributed equity $ | Accumulated losses $ | Employee benefits reserve $ | Total equity $ |
|---|---|---|---|---|
| **At the beginning of the year** | 68,351,419 | (89,405,272) | - | (21,053,853) |
| Gain for the period | - | 20,170,922 | - | 20,170,922 |
| Total comprehensive expense for the period | - | 20,170,922 | - | 20,170,922 |
| **At the end of the year** | 68,351,419 | (69,234,350) | - | (882,931) |

| For the year ended 30 June 2018 | Contributed equity $ | Accumulated losses $ | Employee benefits reserve $ | Total equity $ |
|---|---|---|---|---|
| **At the beginning of the year** | 68,351,419 | (88,103,766) | 1,237,690 | (18,514,657) |
| Loss for the period | - | (2,539,196) | - | (2,539,196) |
| Total comprehensive expense for the period | - | (2,539,196) | - | (2,539,196) |
| Cancelled options transferred to accumulated losses[1] | - | 1,237,690 | (1,237,690) | - |
| **At the end of the year** | 68,351,419 | (89,405,272) | - | (21,053,853) |

The accompanying notes form part of these financial statements.

[1] The employee share options reserve arises on the grant of options to directors and employees under the share plan. Amounts are recognised in accordance with note 7.

## 1 Corporate Information

The financial report of AnaeCo Limited ("the Company" or "AnaeCo") for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 19 March 2021.

AnaeCo Limited is a company limited by shares incorporated and domiciled in Australia. The registered office is 55 Collins Street, Melbourne, Victoria, Australia.

The principal activity of the Company prior to entering administration was the development and commercialisation of a process for the treatment of organic municipal solid waste (the AnaeCo™ System). The new Board of Directors are currently assessing the future direction of the Company.

## 2 Summary of significant accounting policies

### (a) Basis of Preparation

The consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars, and the Company is a for-profit entity.

The Company formerly wholly owned and controlled entities AnaeCo UK Limited, AnaeCo Inc. and AnaeCo Asia Pte Ltd. AnaeCo UK Limited (a United Kingdom incorporated company), AnaeCo Inc (a United States incorporated company) and AnaeCo Asia Pte Ltd (a Singapore incorporated company) are no longer registered and not consolidated. The Companies had not yet commenced business operations and to date had only incurred minimal corporate and administrative expenditure.

### Going Concern

As at the date of this report, the Company is in a net deficiency. Nevertheless the financial report has been prepared on a going concern basis. In arriving at this position the directors have taken into consideration the following:

- In May 2018 the Company entered a Deed of Company Arrangement with its creditors and these arrangements included a loan of $665,000, which has been provided from TIGA Trading Pty Ltd, a company controlled by Thorney Investment Group, on 15 November 2018 upon the completion of the DOCA.
- The directors have received a letter dated 5 March 2021 from TIGA Trading Pty Ltd which states financial support will be provided to the Company to meet liabilities as and when they fall due. This financial support lasts at least until the earlier of twelve months from signing of the financial statements and the completion of a capital raising by the Company as proposed by Thorney Investment Group, of greater than $1 million.

At the date of this report and having considered the above factors, the directors believe that the Company will be able to continue as a going concern.

Whilst the financial report has been prepared on a going concern basis as the entity is expected to remain a going concern, the assets and liabilities held at balance date are not expected to be realised through the ordinary course of business. The measurement of the assets and liabilities reflects the values to be disposed by the company through the Deed of Company Arrangement which was executed on 1 May 2018.

**(b) Statement of compliance**

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Since 1 July 2018, the Company has adopted all Accounting Standards and Interpretations, mandatory for annual periods beginning on or before 1 July 2018.

Adoption of these new and amended Standards and Interpretations did not have any significant effect on the financial position or performance of the Company.

A number of Australian Accounting Standards and Interpretations have been issued or amended but are not yet effective and have not yet been adopted by the Company. These are outlined in the table below.

The Company has not yet completed its assessment of the standards noted below but for new and amended Australian Accounting Standards and Interpretations effective at 1 July 2019, it is expected that there will be no significant impact on the Company.

| Ref | Title | Summary | Application date of standard | Application date for Company |
|---|---|---|---|---|
| AASB 16 | Leases | The key features of AASB 16 are as follows:<br>This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. An entity shall consider the terms and conditions of contracts and all relevant facts and circumstances when applying this Standard. An entity shall apply this Standard consistently to contracts with similar characteristics and in similar circumstances. | 1 January 2019 | 1 July 2019 |

**(c) Revenue recognition**

Revenue is recognised in accordance with that core principles of AASB 15, that is; to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, by applying the following steps:
(a) Step 1: Identify the contract(s) with a customer
(b) Step 2: Identify the performance obligations in the contract
(c) Step 3: Determine the transaction price
(d) Step 4: Allocate the transaction price to the performance obligations in the contract
(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

*Interest income*
Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**(d) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

**(e) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of an arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

**(f) Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(g) Trade and other receivables**

Trade receivables represent the Company’s right to an amount of consideration that is unconditional, for which there is no significant financing component. Trade receivables are recognised and carried at original invoice amount taking into account lifetime expected credit losses, calculated in-line with the simplified approach under AASB 9. Bad debts are written off when identified.

**(h) Financial assets and financial liabilities**

*Financial assets*
Financial assets are classified upon initial recognition according to their nature, contractual cash-flow characteristics and the business model for which they are held.
If a financial asset is a debt security, the Company’s business model must be considered. The Company’s business model reflects how it manages its financial assets in order to generate cash-flows. If the Company’s business model is ‘hold to collect’ and meets the SPPI test, then the financial asset will be measured at amortised cost. If the Company’s business model is to ‘hold to collect and sell’ and meets the SPPI test, then the financial asset will be measured at fair value through other comprehensive income (FVOCI).

The SPPI test or basic loan features test is the assessment of the characteristics of the contractual cash-flows aims to determine whether they are solely payments of principal and interest on principal amounts outstanding.

Financial assets that are equity instruments held for trading are initially recognised and subsequently measured at fair value through profit and loss (FVTPL), unless the FVOCI option is irrevocably designated upon initial recognition. The FVOCI option can be utilised for investments not held for trading. If this election is made, amounts presented in other comprehensive income shall not be subsequently transferred to profit and loss. However, the entity may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

**(h) Financial assets and financial liabilities (continued)**

*Impairment of Financial Assets*
The impairment requirements of financial assets are based upon forward-looking expected credit loss (“ECL”) model. The impairment model applies to debt instruments measured at amortised cost or FVOCI, as well as trade receivables and contract assets that are within the scope of AASB 15.

There are three approaches to assessing impairment under the standard:

- the simplified approach, applied to trade receivables
- the general approach, applied to most loans and debt securities
- the purchased or originated credit-impaired approach

Refer to Trade Receivables accounting policy for further information on impairment approach. Receivables from related parties are initially measured at fair value, plus or minus any transaction costs attributable to the issue of the financial asset. These are then subsequently measured at amortised cost; taking into account calculated expected credit losses, in-line with the general approach under AASB 9. Interest is taken up as income on an accruals basis, calculated utilising the effective interest rate method.

Refer to Financial Assets accounting policy above for further information on initial recognition and subsequent measurement.

*Financial liabilities*
Financial liabilities include a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the entity’s own equity instruments as allowable under AASB 9.

On initial recognition, financial liabilities are measured at fair value minus, in the case of a financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, a financial liability is measured at amortised cost, except where it is required to be measured fair value through profit and loss, determined under the standard.

Loans and borrowings
All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss when the liabilities are derecognised.
For further information of initial recognition and subsequent measurement of financial liabilities, see accounting policy on ‘Financial Liabilities’.

De-recognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### (i) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

### (j) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(k) Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows: Plant and equipment – over 2.5 to 15 years.

**(l) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

*De-recognition*
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use or disposal of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognised.

**(m) Intangible assets**

*Acquired both separately and from a business combination*
Intangible assets acquired separately or in a business combination, are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets that is at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year end. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred. Intangible assets are tested for impairment where an indicator of impairment exists and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

**(m) Intangible assets (continued)**

*Research and development costs*

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development, the ability to measure reliably the expenditure attributable to the intangible asset during its development and the ability to use the tangible asset generated. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year end.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period. A summary of the policies applied to the Company's intangible assets is as follows.

| | **Patents** | **Development costs** | **Computer software** |
|---|---|---|---|
| Useful lives | Finite | Finite | Two and a half years |
| Method used | Amortised up to 20 years on straight-line basis. | Amortised over 10 years on straight-line basis. | Amortised up to 2 1/2 years on straight-line basis. |
| Internally acquired or generated | Acquired | Internally generated | Acquired |

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

**(n) Trade and other payables**

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**(o) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs.

**(p) Employee leave benefits**

*Short term benefits*
Liabilities for short term benefits expected to be settled within twelve months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liability is settled. Expenses for non-vesting sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

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

**(q) Pensions and other post-employment benefits**

The Company makes contributions to superannuation funds on behalf of employees in accordance with Superannuation Guarantee Contribution obligations, recognising employee choice of fund as required. None of these arrangements give rise to defined benefit obligations by the consolidated entity. Contributions to superannuation funds are recognised at cost in the period incurred.
There are no other pension schemes or post-employment benefits.

**(r) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or rights are shown in equity as a deduction from the proceeds. Shares in the Company held under the long term incentive scheme (LTI) are classified and disclosed as employee reserved shares and deducted from equity.

**(s) Earnings per share**

Basic earnings per share is calculated as net profit from continuing operations attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends),
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised, and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(t) Significant accounting judgements, estimates and assumptions**

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

*Fair value less costs to distribute discontinued operations*

The Company was placed into administration on 18 December 2017 and from this date its dormant subsidiaries were no longer consolidated and all power and control of the Company and its assets was passed to the Administrators. The directors are anticipating zero consideration as any net proceeds from the wind up of these Companies will belong to the established Creditor's trust.

**(u) Discontinued operations**

On 18 December 2017, the business operations of the Company ceased and entered into voluntary administration. The directors no longer had the ability to exercise powers to affect investor returns over the Company and its dormant subsidiaries and hence ceased to consolidate the subsidiaries from this date. The directors also lost control over the allocation of the Company's assets and associated liabilities. In accordance with the Deed Of Company Arrangement ("DOCA") signed 1 May 2018, assets and liabilities of the Company were assigned to the Creditor's trust and Monadelphous Group Limited (MND). Therefore, the assets and associated liabilities relating to the former operations of the Company are classified a disposal group and discontinued operation at 30 June 2018 and were disposed of and transferred as appropriate in the current financial year.

## 3 DISCONTINUED OPERATIONS

On 18 December 2017, the directors announced to the ASX that they had placed the Company into voluntary administration. The Directors no longer had the ability to exercise powers to affect investor returns over the Company and its dormant subsidiaries and hence ceased to consolidate the subsidiaries from this date. In accordance with the Deed of Company Arrangement ("DOCA") signed 1 May 2018, assets and liabilities of the Company were assigned to the Creditor's trust and Monadelphous Group Limited (MND). Therefore, the assets and associated liabilities relating to the former operations of the Company were classified as a disposal group and discontinued operation at 31 December 2017 and were disposed of and transferred as appropriate in the current financial year.

The profit and loss results for discontinued operations are as follows:

| | 30 June 2019 $ | 30 June 2018 $ |
|---|---|---|
| Revenue from discontinued operations | - | 207,449 |
| Cost of goods sold | - | (40,783) |
| Gross profit | - | 166,666 |
| Other indirect costs | - | (2,643,862) |
| Total result | - | (2,477,196) |
| DOCA completion payment[1] | (750,000) | - |
| Gain/ (loss) recognised on the re-measurement to fair value less costs to distribute | 20,991,853 | - |
| Gain (loss) before tax on discontinued operations | 20,241,853 | (2,477,196) |
| Tax on discontinued operations | - | - |
| **Gain (loss) after tax from discontinued operations** | **20,241,853** | **(2,477,196)** |
| **Gain (loss) per share from discontinued operations (cents)** | **0.01** | **(0.09)** |

[1] Upon the Company exiting out of administration, TIGA Trading Pty Ltd advanced a total of $750,000 on behalf of the Company, as per the agreed terms of the DOCA. For further details on the funding arrangement, we refer to note 2.

This table shows the major classes of assets and liabilities as at 30 June 2018 held for disposal:

| | 30 June 2018 $ |
|---|---|
| **CURRENT ASSETS** | |
| Cash and cash equivalents | 538,450 |
| Trade and other receivables | 618,187 |
| Other | 56,824 |
| TOTAL CURRENT ASSETS | 1,213,461 |
| | |
| **NON-CURRENT ASSETS** | |
| Property, plant and equipment | 3,296 |
| Intangibles | 1,665,056 |
| Other | 279 |
| TOTAL NON CURRENT ASSETS | 1,668,631 |
| **Assets held for disposal** | **2,882,092** |
| | |
| **CURRENT LIABILITIES** | |
| Trade and other payables | 5,631,753 |
| Provisions | 165,106 |
| TOTAL CURRENT LIABILITIES | 5,796,859 |
| | |
| **NON-CURRENT LIABILITIES** | |
| Interest bearing loans | 17,722,583 |
| Provisions | 354,503 |
| TOTAL NON-CURRENT LIABILITIES | 18,077,086 |
| **Liabilities directly associated with the assets held for disposal** | **23,873,945** |

## 3. DISCONTINUED OPERATIONS (continued)

| | June 30 2018 $ |
|---|---|
| Cash flows from operating activities | (1,471,812) |
| Cash flows from investing activities | - |
| Cash flows from financing activities | 1,123,000 |
| NET CASHFLOWS FROM DISCONTINUED OPERATIONS | (348,812) |

## 4. INCOME TAX

| | June 30 2019 $ | June 30 2018 $ |
|---|---|---|
| The major components of income tax expense are: | | |
| **Income statement** | | |
| Current income tax | | |
| Current income tax (charge)/benefit | - | - |
| Deferred income tax | | |
| Relating to origination and reversal of temporary differences | - | - |
| Income tax benefit as reported in the income statement | - | - |
| A reconciliation between tax benefit and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows: | | |
| Accounting gain (loss) before tax | 20,170,922 | (2,539,196) |
| At the statutory income tax rate of 27.5% (2018: 27.5%) | 5,547,004 | (698,279) |
| (Income not assessable)/expenditure not allowable for income tax purposes | (5,772,760) | 1,549 |
| R&D expenditure | - | - |
| R&D tax incentive recognised not assessable | - | - |
| Tax losses & temporary differences not recognised | 225,756 | 696,730 |
| | - | - |
| **Deferred income tax** | | |
| Unrecognised tax losses | 10,206,829 | 16,190,049 |
| Temporary differences | 340,677 | (422,692) |
| | 10,547,506 | 15,767,357 |
| Temporary differences comprises: | | |
| Unamortised balance of business related expense deductions | 9,010 | 17,349 |
| Employee benefits provisions | - | 142,892 |
| Other | 331,667 | 340,342 |
| Intangibles - development expenditure | - | (923,275) |
| | 340,677 | (422,692) |

At 30 June 2019 the Company has estimated tax losses of $37,115,340 (2018: $58,872,906) that are available to offset against future taxable profits, subject to continuing to meet relevant statutory tests.

## 5. INTEREST BEARING LOANS AND BORROWINGS

| | | |
|---|---|---|
| | 768,318 | - |
| | 768,318 | - |

The agreed loan terms as per the DOCA are a three-month interest deferral from contract inception (15 November 2018), thereafter accruing interest which is payable from the repayment date. The agreed interest rate is the BBSY + 5%.

| | | June 30 2019 $ | June 30 2018 $ |
|---|---|---|---|
| **6.** | **CONTRIBUTED EQUITY** | | |
| | Issued and fully paid ordinary shares | 71,315,426 | 71,315,426 |
| | Costs of capital raising | (2,964,007) | (2,964,007) |
| | | 68,351,419 | 68,351,419 |
| | | | |
| | **Movements in ordinary fully paid shares** | **Shares** | **$** |
| | Balance at 30 June 2018 | 2,672,798,567 | 71,315,426 |
| | Balance at 30 June 2019 | 2,704,798,568 | 71,315,426 |

**7. RESERVES**

| | | |
|---|---|---|
| Employee benefits reserve | - | 1,237,690 |
| Balance at beginning of period | - | 1,237,690 |
| Share based payments | - | - |
| Cancellation of options | - | (1,237,690) |
| Balance at end of the period | - | - |

The employee benefits reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Due to the company entering administration the options have been cancelled.

**8. ACCUMULATED LOSSES**

| | | |
|---|---|---|
| Opening balance | (89,405,272) | (88,103,766) |
| Current year gain (loss) attributable to members of the company | 20,170,922 | (2,539,196) |
| Cancellation of options | - | 1,237,690 |
| Closing balance | (69,234,350) | (89,405,272) |

**9. RECONCILIATION OF NET GAIN (LOSS) AFTER TAX TO THE NET CASH FLOWS FROM OPERATING ACTIVITIES**

| | | |
|---|---|---|
| Gain (loss) after tax | 20,170,922 | (2,539,196) |
| | | |
| **Non-cash items:** | | |
| Depreciation and amortisation | - | 429,021) |
| Share based payment expenses | - | - |
| Accrued loan interest | 18,318 | 687,736 |
| Non-cash expenses | 6,933 | - |
| Subsidiary de-consolidation adjustment | - | (5,246) |
| Gain on disposal of property, plant & equipment | - | - |
| Discontinued operations | (20,241,853) | - |
| **Changes in net assets and liabilities:** | | |
| Decrease/(increase) in trade and other receivables | (320) | 562,609 |
| (Increase) in prepayments | - | (41,448) |
| (Decrease)/increase in trade and other payables | 46,000 | (19,446) |
| Increase/(decrease) provision for employee benefits | - | (27,055) |
| | | (329,149) |
| Discontinued operations adjustment | - | (189,638) |
| **Net cash flow used in operating activities** | - | (1,471,812) |

Cash-flows from operating activities include cash flows relating to discontinued operations.

## 10. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The lease covering the premises occupied by the Company's main business operation was renewed on 1 September 2016 for a period of two and a half years, expiring on 28 February 2019. Upon the Company entering administration, control over the lease arrangement was handed to the Administrators. At the date of this report, the Company does not have any lease arrangements.

Capital commitments

The Company has no capital commitments at the date of this report.

Contingencies

Any claims that may have arose from the undertaking long term engineering and construction contracts were extinguished upon the Company exiting Administration.

A contingent liability exists for $320,000 post completion obligation, as per the DOCA executed on 1 May 2018.

## 11. RELATED PARTY TRANSACTIONS

| | | |
|---|---|---|
| Compensation for Key Management Personnel | | |
| Short term employee benefits | - | 159,533 |
| Long term employee benefits (LSL) | - | 2,958 |
| Post-employment benefits | - | 40,763 |
| Share based payments | - | - |
| Total compensation | - | 203,254 |
| Key Management Personnel interest in rights through the LTI | - | - |
| Administrator Remuneration | 195,203 | 169,552 |

Details of directors' remuneration and retirement benefits are disclosed in the Remuneration Report, as well as remuneration of Administrators.

Related party concerned with discontinued operations is Monadelphous Group Limited, for which at 18 December 2017 the Company had borrowed up to $17,647,597 including interest. During the half year, an amount of $777,000 was repaid to Monadelphous Group Limited from funds received via the 2017 R&D Tax Incentive refund. Upon the Company entering into the DOCA, all liabilities against the Company were subsequently extinguished and transferred to the Creditor's Trust.

TIGA Trading Pty Ltd, a company controlled by the Thorney Investment Group, advanced a total of $750,000 to assist the Company entering out of administration, as per the agreed terms of the DOCA. Of this $665,000 was paid to the Administrators for the benefit of the Creditor's Trust, and $85,000 was paid on behalf of the Company for reimbursement of costs to Benelong Capital Partners Pty Ltd (Promoter). Since the Company has exited from administration TIGA Trading Pty Ltd has continued to fund the Company's operating expenses. At 30 June 2019, the loan payable to TIGA Trading Pty Ltd is $775,251, including interest.

TIGA Trading Pty Ltd has provided a letter of financial support to the Company until the earlier of twelve months from signing of the financial statements and the completion of a capital raising by the Company as proposed by Thorney Investment Group, of greater than $1 million.

TIGA Trading Pty Ltd, Thorney Holdings Pty Ltd and Thorney Investment Group Australia Pty Ltd are related body corporates controlled by Alex Waislitz by virtue of 608(1) of the Corporations Act 2001.

TIGA Trading Pty Ltd employs personnel to provide company secretarial and financial accounts preparation services to the Company. These services are provided on commercial terms and total $nil for the 2018 financial year.

Mr Martin Casey is a corporate advisor to Thorney Investment Group and Mr Craig Smith has been Chief Financial Officer of the Thorney Investment Group since 2008.

## 12. SEGMENT REPORTING

For management purposes, prior to entering administration the Company was organised into one main operating segment, which operated in the waste management sector. All the Company's activities were interconnected and all significant operating decisions were based on analysis of the Company as one segment. The former board of directors monitored the financial performance of the Company as a whole and performance was evaluated based on the financial results of the segment which are the equivalent of the financial statements as a whole. All revenues and non-current assets were considered to be derived and held in one geographical area being Australia. The future direction of the Company is yet to be determined.

## 13. REMUNERATION OF AUDITORS

| | June 30 2019 $ | June 30 2018 $ |
|---|---|---|
| Amounts paid or due and payable to the auditors of the parent Company for: | | |
| Audit services, including half year audit review services | 92,000 | 54,000 |
| Tax services | 16,000 | 8,000 |
| | 108,000 | 62,000 |

## 14. SIGNIFICANT EVENTS AFTER BALANCE DATE

No matter or circumstance has arisen since the end of the financial year and up to the date of this report which significantly affects the results of the operations of the Company for the next financial year, other than:

- On 10 April 2018 the Company's creditors voted to approve a DOCA proposed by the Administrators and was executed on 1 May 2018. Under the DOCA Agreement, all claims by Creditors against the Company are completely discharged and become claims against the Creditor's Trust. Further it is agreed that Monadelphous receives a transfer of debtors, per the separate Deed of Assignment of Debt, signed 15 November 2018.
- On 15 November 2018 the Company ceased being under administration and three new Directors were appointed by the Administrators.
- On 3 February 2020 AnaeCo Limited was officially removed from the official list by ASX under listing rule 17.12. Consequently, the Company is no longer listed on the ASX.
- Thorney Investment Group continues to fund the day-to-day operations of the Company to date.
- The board is still deciding the future direction of the Company.

## 15. DIVIDENDS

No dividends have been paid or declared during the year.

## 16. EARNINGS PER SHARE

| | | |
|---|---|---|
| Basic gain (loss) per share from continuing operations | (0.00) cents | (0.00) cents |
| Basic gain per share from discontinued operations | 0.01 cents | (0.09) cents |
| Weighted average number of shares used in the calculation of basic earnings per share | 2,704,798,568 | 2,672,798,567 |
| Diluted gain (loss) per share from continuing operations | (0.00) cents | (0.00) cents |
| Diluted gain (loss) per share from discontinued operations | 0.01 cents | (0.09) cents |
| Loss used in determination of basic and diluted earnings per share (from continuing operations) | (70,931) | (62,000) |
| Loss used in determination of basic and diluted earnings per share from discontinued operations | 20,241,853 | (2,477,196) |
| Total potentially dilutive securities | - | - |

Potentially dilutive securities have not been used in calculating diluted earnings per share, because they are anti-dilutive.

No shares have been issued in the period subsequent to 30 June 2019 and up to the date of this report.

## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of AnaeCo Limited, I state that:

1. In the opinion of the Directors:

    a. the financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the Company are in accordance with the Corporations Act 2001, including:

        i. giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

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

    b. the financial statements also comply with International Financial Reporting Standards as disclosed in note 2(b); and

    c. subject to note 2(a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

On behalf of the Board

Martin Casey
Chairman
Melbourne, 19 March 2021

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# Independent Auditor's Report to the Members of AnaeCo Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of AnaeCo Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the directors' report, including the remuneration report.

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

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

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

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

## Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Kester Brown
Partner

Melbourne
19 March 2021