

ANAECO LIMITED
ABN: 36 087 244 228

ANNUAL FINANCIAL REPORT 2020

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 2020.

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 Thorney Technologies Ltd, 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 and retired as a director on 18 November 2020.

Mr Nicols is current director of Benelong Capital Partners Pty Ltd, and has 33 years of experience in accounting practice, specialising in recapitalising listed ASX Companies.

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

Mr Craig Smith was appointed a director and secretary of the Company on 15 November 2018.

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 2020 and the number of meetings attended by each director is as follows:

	Meetings held	Meetings attended
Martin Casey	2	2
Steve Nicols	2	2
Craig Smith	2	2
Peter Landos	-	-

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 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") which 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

The Company did not have any trading activities aside from administrative expenses incurred in 2020. 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. Other significant events after balance date include:

- During 2021, the Administrators determined they wished to complete their role as Administrator of AnaeCo Limited. On 24 July 2021, the DOCA post completion obligation to the Creditors Trust, was transferred by the Administrators to Monadelphous under an assignment deed the '2021 MND Assignment Deed.
- During 2023, a new loan agreement between TIGA Trading Pty Ltd and AnaeCo Limited was signed on 5 October 2023. This agreement requires 13 months' notice from TIGA Trading Pty Ltd to demand payment. As at the date of signing the financial statements, TIGA Trading Pty Ltd has no intention to call on this loan.
- On 6 September 2023 the Company received a letter dated 30 August 2023 and summons from the Australian Securities and Investment Commission with respect to the failure of the Company to lodge eight financial reports in accordance with the requirements of the Corporations Act. The hearing of this matter is to be held in November 2023. Subsequent to receipt of the ASIC communication, the Company lodged four of the required financial reports and plans to lodge the remaining four financial reports as soon as they are completed. There are three late lodgement penalties which relate to the period after 30 June 2020, being the penalties for late lodgement of financial reports for the years ended 30 June 2020, 30 June 2021 and 30 June 2022. The maximum penalty for the late lodgement of financial reports pertaining to the periods subsequent to 30 June 2020, is \$79,920.

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 7 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; \$7,500.

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, 25 October 2023



**Building a better
working world**

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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 2020, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Kester Brown' in a cursive style.

Kester Brown
Partner
25 October 2023

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Notes	June 2020 \$	June 2019 \$
Continuing operations			
Finance costs		(42,016)	(18,318)
Corporate and administration expenses		(213,755)	(52,613)
Loss before income tax expense from continuing operations		(255,771)	(70,931)
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		(255,771)	(70,931)
Discontinued operations			
Gain after tax for the period from discontinued operations	3	-	20,241,853
Net (loss) gain after tax attributable to members of AnaeCo Limited and total comprehensive expense for the period		(255,771)	20,170,922
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)		0.00 cents	0.01 cents
Diluted gain per share from discontinued operations (cents)		0.00 cents	0.01 cents

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	June 2020 \$	June 2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents		-	-
Trade and other receivables		13,671	320
TOTAL CURRENT ASSETS		<u>13,671</u>	<u>320</u>
TOTAL ASSETS		<u>13,671</u>	<u>320</u>
LIABILITIES			
Current liabilities			
Trade and other payables		48,100	108,000
Interest bearing loans and borrowings	5	810,334	768,318
Non-interest bearing liabilities		160,739	6,933
Provisions	17	133,200	-
TOTAL CURRENT LIABILITIES		<u>1,152,373</u>	<u>883,251</u>
TOTAL LIABILITIES		<u>1,152,373</u>	<u>883,251</u>
NET LIABILITIES		<u>(1,138,702)</u>	<u>(882,931)</u>
EQUITY			
Contributed equity	6	68,351,419	68,351,419
Accumulated losses	7	(69,490,121)	(69,234,350)
TOTAL SHAREHOLDERS' DEFICIT		<u>(1,138,702)</u>	<u>(882,931)</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 30 June 2020

	Notes	June 2020 \$	June 2019 \$
Cash flows from operating activities			
Payments to suppliers and employees		-	-
R&D tax incentive received		-	-
Other income		-	-
Interest received		-	-
Interest paid		-	-
Cash asset held for disposal		-	-
Net cash flows from/(used in) operating activities	8	-	-
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		-	-
Repayment of borrowings		-	-
Net cash flows (used in)/from financing activities		-	-
Net decrease in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period		-	-

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITYFor the year ended 30 June 2020

For the year ended 30 June 2020

	Contributed equity	Accumulated losses	Total deficit in equity
	\$	\$	\$
At the beginning of the year	68,351,419	(69,234,350)	(882,931)
Loss for the period	-	(255,771)	(225,771)
Total comprehensive loss for the period	-	(255,771)	(225,771)
At the end of the year	68,351,419	(69,490,121)	(1,138,702)

For the year ended 30 June 2019

	Contributed equity	Accumulated losses	Total deficit in 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 gain for the period	-	20,170,922	20,170,922
At the end of the year	68,351,419	(69,234,350)	(882,931)

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Corporate Information

The financial report of AnaeCo Limited (“the Company” or “AnaeCo”) for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 25 October 2023.

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 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 on 25 September 2023 from TIGA Trading Pty Ltd which states financial support will be provided to the Company to assist the Company in meeting its financial obligations as and when they fall due. Financial support is provided at least until the earlier of twelve months from signing of the financial statements or the completion of a capital raising by the Company which may be proposed by Thorney Investment Group, of greater than \$2 million or change of Board of directors.

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.

NOTES TO THE FINANCIAL STATEMENTS

(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 2019, the Company has adopted all Accounting Standards and Interpretations, mandatory for annual periods beginning on or before 1 July 2019.

The Company has completed its assessment of the new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. They are expected to have no significant impact on the Company

(c) 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.

(d) 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.

(e) Provisions

General

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.

When 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

(f) Financial liabilities

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.

(g) 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.

NOTES TO THE FINANCIAL STATEMENTS

(g) Income tax continued

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.

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.

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

(h) 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.

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS

(j) 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.

(k) 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.

(l) Significant accounting judgements, estimates and assumptions

The financial report includes a provision for penalties relating to late lodgement of certain historical financial reports of the Company. The provision is an estimate based on information currently available to the Company, taking into account the potential statutory penalties of up to \$26,640 per financial report. The final amount payable, if any, is expected to be known following a hearing scheduled to occur in November 2023. The Company is seeking to mitigate any penalties by presenting relevant information at the scheduled hearing. The final amount payable will be calculated as the final penalty determined in the court hearing and any costs awarded against the Company, which could lead to a material release of the provision or additional expenses being incurred by the Company.

(m) 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 were classified as a disposal group and discontinued operation at 30 June 2018 and were disposed of and transferred as appropriate in the 30 June 2019 financial year. We refer users of the financial statements to the 30 June 2019 financial statements for further information.

NOTES TO THE FINANCIAL STATEMENTS

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 30 June 2019 financial year.

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

	June 2020	June 2019
	\$	\$
Revenue from discontinued operations	-	-
Cost of goods sold	-	-
Gross profit	-	-
Other indirect costs	-	-
Total result	-	-
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
Tax on discontinued operations	-	-
Gain (loss) after tax from discontinued operations	-	20,241,853
Gain (loss) per share from discontinued operations (cents)	-	0.01

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.

For information in regards to the major classes of assets and liabilities at 31 December 2017, which were disposed of in the previous financial year, we refer to the AnaeCo Ltd 30 June 2019 Annual Report.

NOTES TO THE FINANCIAL STATEMENTS

	June 2020 \$	June 2019 \$
4. INCOME TAX		
The major components of income tax expense are:		
Income statement		
<u>Current income tax</u>		
Current income tax (charge)/benefit	-	-
<u>Deferred income tax</u>		
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 (loss) gain before tax	(255,771)	20,170,922
At the statutory income tax rate of 27.5% (2019: 27.5%)	(70,337)	5,547,004
(Income not assessable)/expenditure not allowable for income tax purposes	-	(5,772,760)
Tax losses & temporary differences not recognised	70,337	225,756
	-	-

Deferred income tax

Unrecognised tax losses	10,290,095	10,206,829
Temporary differences	374,999	340,677
	10,665,094	10,547,506

Temporary differences comprises:

Unamortised balance of business related expense deductions	2,220	9,010
Other	372,779	331,667
	374,999	340,677

At 30 June 2020 the Company has estimated tax losses of \$37,418,529 (2019: \$37,115,340) that are available to offset against future taxable profits, subject to continuing to meet relevant statutory tests.

5. INTEREST BEARING LOANS AND BORROWINGS

	810,334	768,318
	810,334	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 cash rate + 5%. During the year ended 30 June 2020, the loan was repayable on demand. Up to the date of the report there has been no demand. There has been a modification to the agreement to require 13 months' notice to demand repayment and TIGA have indicated no intention to call at the date of signing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

	June 2020	June 2019
	\$	\$
6. CONTRIBUTED EQUITY		
Issued and fully paid ordinary shares	71,315,426	71,315,426
Costs of capital raising	<u>(2,964,007)</u>	<u>(2,964,007)</u>
	<u>68,351,419</u>	<u>68,351,419</u>
	Shares	\$
Movements in ordinary fully paid shares		
Balance at 30 June 2019	2,704,798,568	71,315,426
Balance at 30 June 2020	2,704,798,568	71,315,426
7. ACCUMULATED LOSSES		
Opening balance	(69,234,350)	(89,405,272)
Current year gain (loss) attributable to members of the company	<u>(255,771)</u>	<u>20,170,922</u>
Closing balance	<u>(69,490,121)</u>	<u>(69,234,350)</u>
8. RECONCILIATION OF NET GAIN (LOSS) AFTER TAX TO THE NET CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) gain after tax	(255,771)	20,170,922
Non-cash items:		
Accrued loan interest	42,016	18,318
Non-cash expenses	153,806	6,933
Discontinued operations	-	(20,241,853)
Changes in net assets and liabilities:		
(Increase) in trade and other receivables	(13,351)	(320)
(Decrease)/increase in trade and other payables	(59,900)	46,000
Increase in other financial liability	<u>133,200</u>	<u>-</u>
Net cash flow used in operating activities	<u>-</u>	<u>-</u>

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

9. 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 2020. 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 (2019: No lease arrangements).

Capital commitments

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

NOTES TO THE FINANCIAL STATEMENTS

10. RELATED PARTY TRANSACTIONS

	June 2020	June 2019
	\$	\$
Compensation for Key Management Personnel	-	-
Administrator Remuneration ¹	-	195,203

¹As the administration for ANQ ended on 15 November 2018, the Administrator's Remuneration during the year was \$nil for the year ended 30 June 2020 (30 June 2019: \$195,203). The Administrator's Remuneration was paid on behalf of ANQ by TIGA Trading Pty Ltd

TIGA Trading Pty Ltd, a company controlled by the Thorney Investment Group, advanced a total of \$750,000 on 15 November 2018 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 2020, the loan payable to TIGA Trading Pty Ltd is \$971,073 which includes an interest bearing liability of \$810,334 and a non-interest bearing liability of \$160,739.

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 which may be proposed by Thorney Investment Group, of greater than \$2 million, or change of Board of directors.

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. Both parties have agreed to waive the cost of these services for the current and previous years.

Mr Martin Casey is a corporate advisor to Thorney Investment Group, Mr Landos is Chief Operating Officer of Thorney Investment Group, Mr Craig Smith is Chief Financial Officer of the Thorney Investment Group.

11. SEGMENT REPORTING

The financial results of the segment are the equivalent of the financial statements as a whole. The future intentions of the Company are still to be decided.

12. REMUNERATION OF AUDITORS

	June 2020	June 2019
	\$	\$
Amounts paid or due and payable to the auditors for:		
Audit services, including half year audit review services	40,600	92,000
Tax services	7,500	16,000
	<u>48,100</u>	<u>108,000</u>

NOTES TO THE FINANCIAL STATEMENTS

13. 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:

- During 2021, the Administrators determined they wished to complete their role as Administrator of AnaeCo Limited. On 24 July 2021, the DOCA post completion obligation to the Creditors Trust, was transferred by the Administrators to Monadelphous under an assignment deed the '2021 MND Assignment Deed'.
- During 2023, a new loan agreement between TIGA Trading Pty Ltd and AnaeCo Limited was signed on 5 October 2023. This agreement requires 13 months' notice from TIGA Trading Pty Ltd to demand payment. As at the date of signing the financial statements, TIGA Trading Pty Ltd has no intention to call on this loan.
- On 6 September 2023 the Company received a letter dated 30 August 2023 and summons from the Australian Securities and Investment Commission with respect to the failure of the Company to lodge eight financial reports in accordance with the requirements of the Corporations Act. The hearing of this matter is to be held in November 2023. Subsequent to receipt of the ASIC communication, the Company lodged four of the required financial reports and plans to lodge the remaining four financial reports as soon as they are completed. There are three late lodgement penalties which relate to the period after 30 June 2020, being the penalties for late lodgement of financial reports for the years ended 30 June 2020, 30 June 2021 and 30 June 2022. The maximum penalty for the late lodgement of financial reports pertaining to the periods subsequent to 30 June 2020, is \$79,920.

14. DIVIDENDS

No dividends have been paid or declared during the year (June 2019, nil).

15. EARNINGS PER SHARE

	June 2020	June 2019
Basic gain (loss) per share from continuing operations	(0.00) cents	(0.00) cents
Basic gain per share from discontinued operations	0.00 cents	0.01 cents
Weighted average number of shares used in the calculation of basic earnings per share	2,704,798,568	2,704,798,568
Diluted gain (loss) per share from continuing operations	(0.00) cents	(0.00) cents
Diluted gain (loss) per share from discontinued operations	0.00 cents	0.01 cents
Loss used in determination of basic and diluted earnings per share (from continuing operations)	(255,771)	(70,931)
Loss used in determination of basic and diluted earnings per share from discontinued operations	-	20,241,853
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 2020 and up to the date of this report.

16. DOCA Post Completion Obligation

The Post Completion Obligation per DOCA Clause 7.6 is the potential maximum obligation amount the Company would need to pay to the Creditor's Trust, upon the re-quotation of the Creditor's Trust shares on the ASX. An amount will be payable under this obligation if the Company re-lists on the ASX and the Creditor's Trust shares are valued at less than \$320,000. If the value of the Trust shares at the time of re-listing is less than \$320,000, then the Company must pay the difference between the value of the Trust shares and \$320,000. The amount has not been recognised as a financial liability as at 30 June 2020 and 30 June 2019, as the Company has no plans to re-list on the ASX at this time.

NOTES TO THE FINANCIAL STATEMENTS

17. Provisions

	June 2020 \$	June 2019 \$
Provision for penalties – Refer to Note 2(e) & 2(l)	133,200	-
	<hr/> 133,200	<hr/> -

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 2020 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 2020.

On behalf of the Board



Martin Casey
Chairman
Melbourne, 25 October 2023



**Building a better
working world**

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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 Entity), which comprises the statement of financial position as at 30 June 2020, 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 Entity is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Entity's financial position as at 30 June 2020 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 Entity 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 (including Independence Standards)* (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 Entity 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 Entity'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 Entity 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 Entity'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 Entity'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 Entity 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Kester Brown' in a cursive style.

Kester Brown
Partner

Melbourne
25 October 2023