ENDLESS SOLAR
Endless Energy

COOLSOLAR
Endless Innovation

ENDLESS SOLAR CORPORATION LTD

www.endless-solar.com.au

ANNUAL REPORT

2015

CORPORATE DIRECTORY

Registered Office and Principal Place of Business:
Level 9
406 Collins Street
Melbourne Victoria

Directors:
Mr. David H Craig – Chairman and Executive Director
Mr. Chris Baring-Gould – Non Executive Director
Ms. Cathy W Lin – Executive Director

Secretary:
Cathy W Lin C.A.

Auditor:
Margaret Salter F.C.A. MAICD
Chartered Accountant
P O BOX 194
Doncaster, Vic, 3108

Share registry:
Boardroom Pty Limited
Level 7, 207 Kent Street, Sydney NSW 2000

Stock exchange listing:
Endless Solar Corporation Limited ordinary limited voting shares are listed on the National Stock Exchange Australia
(code: ESCLV)

CORPORATE GOVERNANCE STATEMENT

The Board is ultimately responsible for all matters relating to the running of The Group.

The Board's role is to govern The Group rather than to manage it. In governing The Group, the Directors must act in the best interests of The Group as a whole. It is the role of senior management to manage The Group in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties

The Board has the final responsibility for the successful operations of The Group. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of The Group. It is required to do all things that may be necessary to be done in order to carry out the objectives of The Group. In carrying out its governance role, the main task of the Board is to drive the performance of The Group. The Board must also ensure that The Group complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- Providing leadership to The Group by
  - Guiding the development of an appropriate culture and values for The Group through the establishment and review of Codes of Conduct, rules and procedures to enforce ethical behaviour and provide guidance on appropriate work methods;
  - Always acting in a manner consistent with The Group's culture and Code of Conduct;
- Overseeing the development and implementation of an appropriate strategy by:
  - Working with the senior management team to ensure that an appropriate strategic direction and array of goals are in place;
  - Regularly reviewing and amending or updating The Group's strategic direction and goals;
  - Ensuring that an appropriate set of internal controls are implemented and reviewed regularly;
  - Overseeing planning activities including the development and approval of strategic plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets.
  - Reviewing the progress and performance of The Group in meeting these plans and corporate objectives, including reporting the outcome of such reviews on at least an annual basis.
- Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chairman, being the key interface between The Group and its shareholders;
- Overseeing the control and accountability systems that ensure The Group is progressing towards the goals set by the Board and in line with The Group's purpose, the agreed corporate strategy, legislative requirements and community expectations;
  - Ensuring robust and effective risk management, compliance and control systems (including legal compliance) are in place and operating effectively;
- Ensuring appropriate human resource systems (including OH&S systems) are in place to ensure the well-being and effective contribution of all employees.
- Making all decisions outside the scope of these delegated powers including:
  - Approving all operational expenditures more than 10% outside the approved budget;
  - Approving the details of all items of capital expenditure and
  - Approving all mergers, acquisitions or property disposals and
  - Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures.
- The detail of some Board functions will be handled through Board Committees. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

Directors' Authorities and Delegations

Directors are responsible for any delegations of their responsibilities with regard to corporate operations. As such, they decide as a Board what Company matters are delegated to either specific Directors or management. In addition, they outline what controls are in place to oversee the operation of these delegated powers.

As a consequence, individual Directors have no individual authority to participate in the day-to-day management of The Group including making any representations or agreements with member companies, suppliers, customers, employees or other parties or organisations.

The exception to this principle occurs where the Board through resolution explicitly delegates an authority to the Director individually. Additionally, it is recognised that all Executive Directors will carry significant delegated authority by virtue of their management position as outlined in a relevant Board resolution.

Similarly, Committees and their members require specific delegations from the Board as a whole and these will be contained in each Committee's respective Terms of Reference.

General Delegations

In general, the Board delegates all powers and authorities required to effectively and efficiently carry out The Group's business. Listed below are the exceptions to these delegations, whereby the Board or appropriate Committee reserves the powers as indicated.

Decisions Requiring Board Approval

The following decisions must be referred to the Board for approval:

- Acquiring or selling shares of The Group;
- Acquiring, selling or otherwise disposing of property;
- Founding, acquiring or selling subsidiaries of or any company within The Group, participating in other companies or dissolving or selling The Group's participation in other companies (including project joint ventures);
- Acquiring or selling patent rights, rights in registered trademarks, licences or other intellectual property rights of The Group;
- Founding, dissolving or relocating branch offices or other offices, plants and facilities;
- Starting new business activities, terminating existing business activities or initiating major changes to the field of The Group's business activities;
- Approving and/or altering the annual business plan (including financial planning) for The Group or any part of The Group;
- Taking or granting loans including, without limitation, the placing of credit orders, issuing of promissory notes or loans against IOUs;

Granting securities of any type;

- Granting loans to Company officers or employees and taking over guarantees for The Group's officers and employees;
- Determining the balance sheet strategy for The Group or any part of The Group;
- Entering into agreements for recurring, voluntary, or additional social benefits, superannuation agreements or agreements for general wage and salary increases;
- Determining the total amount of bonuses and gratuities for Company officers and employees;
- Determining the appointment, termination, prolongation of employment or amendment to conditions of employment of members of the Board of Directors; and
- Granting or revoking a power of attorney or limited authority to sign and/or act on behalf of The Group.

The composition of the Board is reviewed and considered at least annually at a meeting of all directors. Shareholder approval is required on the composition of the Board. Directors are elected by shareholders and remain accountable to them. The Board will meet formally on a regular basis.

The board presently comprises two executive directors and one non-executive director.

The Group policy regarding the terms and conditions for remuneration relating to the appointment and retirement of Board members are approved at a meeting of all directors. The directors of The Group, meeting as a Board, determine the fees of directors within the aggregate limit established by shareholders in general meeting.

Non-executive members have the right to seek independent professional advice in the furtherance of their duties as Directors at The Group's expense. The Chairman's approval of such expenditure is required.

Where any director has an interest of any kind in relation to any matter dealt with at a board or committee meeting that director abstains from participation in the decision process.

Directors and officers must inform the Chairman, in advance, of any proposed dealing in Endless Solar Corporation Limited securities, refrain from buying or selling in the period of five days before, the day of, and the day after announcements and observe all legal requirements relating to dealing in securities. Directors and officers are prohibited from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Communications to Shareholders
The board of directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors. Information is communicated to shareholders through:

- The Annual Report which is distributed to all shareholders
- The Annual General Meeting and other meetings so called to obtain approval for board action as appropriate;
- The appointment of a contact for shareholder liaison to respond to telephone and written shareholder inquiries.

Evaluation of the performance of senior executives, the board, its committees and individual directors

The Chairman reviews the performance of the senior executives by way of formal and informal discussions as appropriate throughout the year. The performance of the senior executives was reviewed during the financial year in accordance with this process.

A review of the performance of the Board and its Committees during the financial year, is conducted by the Chairman through formal and informal discussions. Significant issues that are identified or changes recommended are actioned by the Board.
Given the current size of the Board, there are no formal performance reviews of individual directors.

Keeping the market informed
The Group has documented policies for communications and continuous disclosure procedures and practices. The board specifically addresses the issue of price sensitive information at each of its board meetings.
The Group Secretary is responsible for the communication of administrative matters to the stock exchange.

Audit Committee
At the date of this report The Group has an Audit Committee consisting of the following directors and officeholders:

Chris Baring-Gould	- Audit Committee Chairman
Cathy Lin	- Director

The Audit Committee does not have a formal charter but its objectives to assist the Board in fulfilling its statutory responsibilities in relation to financial reporting, risk management and internal control include:

- Assessing the risk and control environment – review accounting policies, internal controls, practices and disclosures to assist the board in making informed decisions
- Overseeing the financial reporting to ensure it is appropriate and of a high quality prior to recommending adoption of the financial statements by the board for release to the NSX and shareholders
- Evaluating the audit process, particularly the scope, effectiveness and outcome

Committee members are financially literate, that is, have the ability to read and understand financial reports including the statements of financial performance, financial position and cash flow.

The Audit Committee meets at least each half year to coincide with the production of published financial statements and the assessment of external audit reports. The external auditor and the Managing Director are invited to Audit Committee meetings. The committee members consult directly with the external auditor as required. This consultation may be independent of management in order to provide an opportunity for the auditor to discuss any contentious issue or raise concerns.

Risk Management
The Board as a whole considers the major risks affecting the business. Endless Solar has developed a risk management system to evaluate and control risks effectively to ensure opportunities are not lost, competitive advantage is enhanced, and management time is not spent reacting to issue or events. It is not intended to eliminate risk. This risk management system encompasses all financial operational and compliance controls and risk management and is subject to regular review.

Major business risks have been identified as quality of due diligence of investment opportunities, actions by competitors, environment regulation and government policy changes. Procedures have been developed to minimise the effect of these risks wherever possible.

Financial controls and procedures are clearly defined with the operating and capital budgets used as key controls for business operations. The Board considers regular reports comparing actual results against the budgets set by the Board.

The Managing Director provided a written statement to the Board, that in his opinion:

- the statement given in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control; and
- The Group's risk management and internal compliance and control framework is operating effectively in all material respects in relation to financial reporting risks.

According to NSX practice note #14, NSX advises that listed companies may refer to ASX Corporate Government Council Guidelines in developing their own corporate governance policies and procedures.

ASX Corporate Governance Council Guidelines
The Board has not adopted the following ASX Corporate Governance Council recommendations:

Recommendation 1.1 Formalise and disclose the functions reserved to the board and those delegated to management.
The board has formalised a statement of issues reserved for the board and this statement is reproduced in this Corporate Governance Report.

Recommendation 2.1 A majority of the board should be independent directors
While the Board strongly endorses the position that boards need to exercise independence of judgment, it also recognises that the need for independence is to be balanced with the need for skills, commitment and a workable board size. Whilst the board consists of three directors, Mr. Craig is a substantial shareholder and therefore cannot be regarded as independent director.

Your board believes that it consists of members with the skills, experience and character required to discharge its duties and that any greater emphasis on independence at this point in time would be at the expense of the Board's effectiveness.

Recommendation 2.4 The Board should establish a nomination committee
The Board considers that the selection and appointment of Directors is such an important task that it should be the responsibility of the entire Board to consider the nomination process. As the board consists of only three directors this is considered best practice at this stage in The Group's development.

Recommendation 3.1 Establish a Code of Conduct to guide Directors, the Managing Director, and any other key executives as to the practices necessary to maintain confidence in The Group's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
Due to the size of The Group and the resources available to it, the board does not consider that a formal code of conduct for Directors, the Managing Director and The Group Secretary is appropriate. Rather it is agreed that all officers of The Group will act ethically and in the best interests of The Group.

Recommendation 3.2 Establish a policy concerning gender diversity
Due to the size of The Group, the board does not consider that a gender diversity policy is practicable. Rather it is agreed that there should be no impediments to gender diversity.

Recommendation 4.3 Structure the Audit Committee so that it consists of only non-executive directors, an independent chairperson, who is not chairperson of the board, at least two members.
Increasing the size of the committee to three members, who are also not the chairperson of the Board, is not possible given the composition of the board. The Audit Committee consists of both executive and non-executive directors.

Recommendation 8.2 The Board should establish a Remuneration Committee
The board considers that due to its small size all members should be involved in determining remuneration levels, it has not established a separate remuneration committee.

DIRECTORS' REPORT

The directors of Endless Solar Corporation Limited submit herewith the annual report of The Group for the financial year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the Directors

The names and particulars of the directors of The Group during or since the end of the financial year are:

Name, qualifications and responsibilities	**Experience**
Mr David H. A. Craig Bachelor of Economics (Monash) Executive Director & Chairman	David has over 30 years experience in management of property and investment companies, and is a member of the Financial Services Institute of Australasia (FINSIA). David is also a Director of ASX-listed company - Authorised Investment Fund Limited.
Mr Chris Baring-Gould BBusAcc, MBA, CPA Non-executive Director	Chris's professional experience is diverse. He has served as Group Financial Controller at JB Were & Son, General Manager of a stock broking subsidiary of the Equity and Property Investment Group and since 1999 has served as Chief Finance Officer at Anglicare Victoria. He also is an independent member of the Funds-in-Court Audit Committee (Victoria Supreme Court).
Ms Cathy W Lin B.Com, C.A. Executive Director & Company Secretary	Cathy is a Chartered Accountant with a strong accounting and taxation focus. She has over ten years' experience in small professional accounting firms.

The above named directors held office during the whole of the financial year and since the end of the financial year to the date of this report unless otherwise stated.

Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares of The Group are as follows:

1. **Ordinary Shares as at 30/06/2015**

Director	Full voting ordinary share No	Limited voting ordinary share No	Total No
Mr. D.H.A.Craig	1,009,073	16,203,752	17,212,825
Mr.C Baring-Gould	1,436,400	160,821	1,597,221
Ms. C W Lin	-	132,000	132,000
Total	2,445,473	16,496,573	18,942,046

2. **2013 September Options attached to Right Issue as at $0.15 per share lapse by 31/07/2018**

Director	Options over full voting ordinary share No	Options over limited voting ordinary share No	Total No
Mr. D.H.A.Craig	168,179	2,756,800	2,924,979
Mr.C Baring-Gould	43,000	239,400	282,400
Ms. C W Lin	-	38,000	38,000
Total	211,179	3,034,200	3,245,379

3. 2012 April Options attached to Right Issue as at $0.10 per share lapse by 31/03/2017

Director	Options over full voting ordinary share No	Options over limited voting ordinary share No	Total No
Mr. D.H.A.Craig	280,299	4,247,667	4,527,966
Mr.C Baring-Gould	399,000	11,667	410,667
Ms. C W Lin	-	160,000	160,000
Total	679,299	4,419,334	5,098,633

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report section of this directors' report. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

Share options granted to directors

During and since the end of the financial year, no share options were granted to the directors.

Principal Activities

The principal activities of the Group during the course of the financial year were the supply and design of evacuated tube solar hot water systems, as well as related research and development activities. No significant changes have occurred in the nature of these activities during the financial year.

Operating Results

The consolidated net comprehensive loss of the economic entity was after providing for income tax amounted to ($3,149) (2014: $390,401). The net operating profit for the year was $186,609 (2014 $68,908).

Dividends Paid or Recommended

No dividends were paid or recommended during the financial year.

Review of Operations

The review of operations is included in the attached Chairman's letter.

During the 2015 financial year, The Group continued carrying on its strategies of being the specialist and technology innovator in design and supplying evacuated tube solar hot water systems in the Australian and international market. The Group focused on developing commercial projects. The commercial projects completed during the year were significantly increased compared with previous year.

Financial Position

The net assets of the economic entity have increased by $120,451 to $3,343,924 at 30 June 2015. This has largely resulted from the following factors due to the ongoing investments in Evacuated Tube Solar Heating research and development.

There were no other significant changes in the state of affairs of the economic entities during the financial year ended 30 June 2015.

Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments, Prospects and Business Strategies

To further improve the economic entity's profit and maximise shareholder wealth, the following developments are intended to be implemented in the near future. The Directors intend to continue The Group's current operations of investing in research and development and securing international patent rights. This course of action will assist in the achievement of the economic entity's long-term goals and development of new business opportunities.

Meetings of Directors

During the financial year 6 meetings of directors (including committees) were held. Attendances were

	Directors' Meetings			Audit Committee Meetings	
	Number eligible to attend	Number attended		Number eligible to attend	Number attended
Mr. D.H.A. Craig	6	6		-	-
Ms. C W Lin	6	6		2	2
Mr. C Baring-Gould	6	6		2	2

Environmental Issues

The economic entity is not subject to significant environmental regulation under the law of the Commonwealth and State.

Indemnifying Officers or Auditor

During the financial year, The Group paid a premium in respect of a contract insuring the directors of The Group, The Group secretary and all executive officers of The Group against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director, secretary or officer of The Group, other than conduct involving a wilful breach of duty in relation to The Group to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits the disclosure of the premium amount.

Apart from the insurance premium noted above, no indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is an officer or auditor of the economic entity.

Options issued and share issued on exercise of options

Details of unissued shares or interests under option and shares issued on exercise of options as at the date of this report are:

1. **Options - Others**

Issuing Entity	Scheme Name	Grant date	Number of shares under options	Class of shares	Exercise price of option	Expiry date
Endless Solar Corporation Limited	ESC Option Scheme 2	13/08/2013	10,000,000	Ordinary limited voting	$0.22	20/06/2019
Endless Solar Corporation Limited	Options attached to April 2012 Right Issue shares	04/04/2012	10,225,616	Ordinary limited voting	$0.10	31/03/2017
Endless Solar Corporation Limited	Options attached to April 2012 Right Issue shares	04/04/2012	471,966	Ordinary full voting	$0.10	31/03/2017
Endless Solar Corporation Limited	Options attached to September 2013 Right Issue shares	28/09/2013	6,149,337	Ordinary limited voting	$0.15	31/07/2018
Endless Solar Corporation Limited	Options attached to September 2013 Right Issue shares	28/09/2013	283,179	Ordinary full voting	$0.15	31/07/2018
Endless Solar Corporation Limited	ESC Option Scheme 3	01/09/2014	15,000,000	Ordinary limited voting	$0.22	31/08/2020
Total			42,130,098			

Proceedings on Behalf of Company
No person has applied for leave of Court to bring proceedings on behalf of The Group or intervene in any proceedings to which The Group is a party for the purpose of taking responsibility on behalf of The Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

Non-Audit Services
No Non-Audit Services were provided by The Group's external auditors during the financial year.

Auditor
The Board appointed Ms Margaret Salter as auditor.

Auditors Independence Declaration
The auditor's independence declaration for the year ended 30 June 2015 is included after this report.

Remuneration Report

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Endless Solar Corporation Limited's key management personnel for the financial year ended 30 June 2015. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel
- remuneration policy
- relationship between the remuneration policy and company performance
- remuneration of key management personnel
- key terms of employment contracts.

Key management personnel

Name	Position
Mr. D.H.A. Craig	Director – Executive and Chairman
Mr. C Baring-Gould	Director – Non-Executive
Ms. Cathy Lin	Director -- Executive/Company Secretary

Remuneration Policy
The remuneration policy of Endless Solar Corporation Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based upon key performance areas affecting the economic entity's financial results. The board of Endless Solar Corporation Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the economic entity, as well as create goal congruence between director and shareholders.

The board's policy for determining the nature and amount of remuneration for board members of the economic entity is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- The board reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the economic entity's profits and shareholders' value. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

Where applicable, executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to The Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in The Group and are able to participate in the employee option plan.

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim, the first being a performance based bonus based on key performance indicators, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth in future years.

Details of Remuneration for the Year Ended 30 June 2015

The remuneration for each director and executive officers of the consolidated entity receiving the highest remuneration during the year was:

	Short-term Benefits		Post Employment	Share based			
	Salary & fees	Super. Contribution	Super.	Payments	Other	Total	Performance related
	$	$	$	$	$		%
Directors							
Mr. D.H.A.Craig						-	-
Mr.C Baring-Gould						-	-
Ms. C W Lin	106,544	-	-	-	-	106,544	-

Shares issued as Part of Remuneration for the Year Ended 30 June 2015

There were no shares issued to directors and executives as part of their remuneration during 2015.

Employment Contracts of Directors and Senior Executive

The directors and executives do not have formalised contracts of employment.

A Directors appointment may be terminated in accordance with the Corporations Act and the Constitution of The Group, and their office will be ipso facto vacated in the circumstances specified in the Corporations Act and the Constitution of The Group. A director may terminate their appointment by giving 3 months' notice in writing to The Group. The Group will pay the Director, by way of remuneration for his services, directors' fees in accordance with the Constitution of The Group.

This Directors report is signed in accordance with a resolution of the directors made pursuant to s298(2) of the Corporations Act 2001.

Mr. David Craig
Director

Dated this 24th September 2015

MMS Consulting

MMS Consulting Pty Ltd
Chartered Accountants
ABN 15 131 024 158

P.O. Box 194
Doncaster Vic 3108

The Board of Directors
Endless Solar Corporation Limited
Level 9 406 Collins Street
Melbourne VIC 3000

24 September 2015

Dear Board Members

Auditor's Independence Declaration
Endless Solar Corporation Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Endless Solar Corporation Limited.

As the auditor of the financial statements of Endless Solar Corporation Limited for the financial year ended 30 June 2015, I declare that, to the best of my knowledge and belief, during the financial year ended 30 June 2015 there has been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Margaret M Salter FCA

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $
Continuing operations			
Sales Revenue	5	704,734	785,038
Cost of Sales		(155,997)	(358,101)
Gross Profit		548,737	426,937
Other income		154,505	205,358
Administration expenses		(544,684)	(547,423)
Depreciation Expense		(7,673)	(10,799)
Finance costs		(11,481)	(1,081)
Other expenses		-	(14,147)
	5	(563,839)	(573,449)
Profit before tax		**139,404**	**58,845**
Income tax benefit	6	47,205	10,063
PROFIT FOR THE YEAR		**186,609**	**68,908**
Other comprehensive income, net of tax			
Gain/(Loss) on investment revaluation		(189,758)	321,493
Other comprehensive income for the year		(189,758)	321,493
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(3,149)	390,401

	Note	2015	2014
Earnings per share:	23		
From continuing operations			
Basic (cents per share)		0.47292cps	0.18807cps
Diluted (cents per share)		0.47292cps	0.18807cps
There were no discontinued operations during the year.		-	-
There were no dividends declared during the year.		-	-

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 $	2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	75,562	139,211
Trade and other receivables	11	42,970	105,853
Inventories	13	239,745	172,902
Other assets	17	25,967	18,106
TOTAL CURRENT ASSETS		**384,244**	**436,073**
NON-CURRENT ASSETS			
Trade and other receivables	11	71,594	170,792
Other financial assets	14	680,294	825,053
Property, plant and equipment	15	48,167	53,159
Deferred tax assets	19	116,221	73,921
Intangible assets	16	2,637,015	1,976,201
TOTAL NON-CURRENT ASSETS		3,553,291	3,099,125
TOTAL ASSETS		**3,937,535**	**3,535,198**
LIABILITIES			
CURRENT LIABILITIES			
Trade, other payables and borrowing	18	237,302	173,486
Provisions	20	56,309	138,239
TOTAL CURRENT LIABILITIES		293,611	311,726
NON-CURRENT LIABILITIES			
Loan from associates	12	300,000	-
TOTAL NON-CURRENT LIABILITIES		300.000	-
TOTAL LIABILITIES		593,611	311,726
NET ASSETS		3,343,924	3,223,473
EQUITY			
Issued capital	21	2,278,627	2,155,027
Capital Development Reserve		265,812	265,812
Investment Revaluation Reserve		245,735	435,493
Retained earnings		553,750	367,141
TOTAL EQUITY		3,343,924	3,223,473

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Ordinary Shares	Retained Earnings	Capital Development Reserve*	Investment Revaluation Reserve	Total
	$	$	$		$
Balance at 1 July 2013	1,771,775	298,233	265,812	114,000	2,449,820
Comprehensive income					
Profit for the year	-	68,908	-		68,908
Other comprehensive income for the year				321,493	321,493
Total comprehensive income for the year	-	68,908	-	321,493	390,401
Transactions with owners, in their capacity as owners and other transfer					
Shares allotment through Rights issued	383,252				383,252
Total transactions with owners and other transfers	383,252	-	-		383,252
Balance at 30 June 2014	2,155,027	367,141	265,812	435,493	3,223,473
Balance at 1 July 2014	2,155,027	367,141	265,812	435,493	3,223,473
Comprehensive income					
Profit for the year		186,609	-		186,610
Other comprehensive income for the year				(189,758)	(189,758)
Total comprehensive income for the year	-	186,609	-	(189,758)	(3,149)
Transactions with owners, in their capacity as owners and other transfer					
Shares allotted through Options exercised at 12c	123,600	-	-		123,600
Total transactions with owners and other transfers	123,600	-	-	-	123,600
Balance at 30 June 2015	2,278,627	553,750	265,812	245,735	3,343,924

* The purpose of the capital development reserve is for research and development work in the climate ready project in association with the Australian National University in Canberra.

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from customers		641,710	663,134
Payment to suppliers and employees		(738,076)	(939,265)
Interest received		141	3,766
Government grant received		154,505	205,358
Taxes refund/(paid)		-	-
Net cash provided by/(used in) operating activities	25	58,280	(67,007)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,683)	-
NSX Listing fees		-	(15,641)
Payment for Research & Development activities		(356,087)	(439,264)
Payment for patents		(141,759)	(55,542)
Payment for shares in other company		(45,000)	-
Net cash provided by/(used in) investing activities		(545.529)	(510,447)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution received		123,600	383,252
Long term borrowing		300,000	-
Net cash provided by/(used in) financing activities		423,600	383,252
Net increase/(decrease) in cash held		(63,649)	(194,202)
Cash and cash equivalents at beginning of financial year		139,211	333,413
Cash and cash equivalents at end of financial year	10	75,562	139,211

The accompanying notes form part of these financial statements.

ENDLESS SOLAR CORPORATION LIMITED & CONTROLLED ENTITIES
ABN: 51 122 708 061
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2015

Note 1 General Information

Endless Solar Corporation Limited is a listed public company, incorporated and domiciled in Australia. The registered office and principal place of business of The Group is:

Level 9, 406 Collins Street, Melbourne VIC 3000

The principal activities of the Group during the course of the financial year were the supply and design of evacuated tube solar hot water systems, as well as related research and development activities.

Note 2 Application of New and Revised Accounting Standards

2.1 Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year.

In the current year, The Group has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'. The application of these amendments does not have any material impact on the disclosures in The Group's financial statements.
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'. The application of these amendments does not have any material impact on the disclosures in The Group's financial statements.
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	The amendments to AASB 139 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. As The Group does not have any derivatives that are subject to novation, the application of these amendments does not have any material impact on the disclosures or on the amounts recognized in The Group financial statements.

Note 2 Application of new and revised Accounting Standards (continued)

AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	The amendments to AASB 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. To qualify as an investment entity, a reporting entity is required to: • obtain funds from one or more investors for the purpose of providing them with investment management services; • commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and • measure and evaluate performance of substantially all of its investments on a fair value basis. Consequential amendments have been made to AASB 12 and AASB 127 to introduce new disclosure requirements for investment entities. As The Group is not an investment entity (assessed based on the criteria set out in AASB 10 as at 1 July 2014), the application of the amendments does not have any material impact on the disclosures or the amounts recognized in The Group's financial statements.
AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)	The Annual Improvements 2010-2012 has made number of amendments to various AASBs, which are summarised below. • The amendments to AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2015. • The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2015. • The amendments to AASB 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker. • The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

Note 2 Application of new and revised Accounting Standards (continued)

	• The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.
	• The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required
	
	The Annual Improvements 2011-2013 has made number of amendments to various AASBs, which are summarised below.
	
	• The amendments to AASB 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.
	• The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.
	• The amendments to AASB 140 clarify that AASB 140 and AASB 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:
	  • the property meets the definition of investment property in terms of AASB 140; and
	  • the transaction meets the definition of a business combination under AASB 3.
	
	The application of these amendments does not have any material impact on the disclosures or on the amounts recognised in The Group's financial statements.

AASB 2014-1 'Amendments to Australian Accounting Standards' (Part B: Defined Benefit Plans: Employee Contributions Amendments to AASB 119)	The amendments to AASB 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

Note 2 Application of new and revised Accounting Standards (continued)

	The application of these amendments to AASB 119 does nothave any material impact on the disclosures or on the amount recognised in The Group's financial statements.
Interpretation 21 'Levies'	Interpretation 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The application of this Interpretation does not have any material impact on the disclosures or on the amounts recognised in The Group's financial statements.
AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards' – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2015-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)	The revised AASB 1031 is an interim standard that cross-references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2014) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2014-9 (Part B) and AASB 2015-1 (Part C) does not have any material impact on the disclosures or the amounts recognised in The Group's financial statements.

2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 9 'Financial Instruments', and the relevant amending standards[1]	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017

Note 2 Application of new and revised Accounting Standards (continued)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2015 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	30 June 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Exception'	1 January 2016	30 June 2017

Note 3 Significant Accounting Policies

(a) Statement of Compliance

These financial statements are general purpose financial statements that have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretation, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, The Group is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of The Company and the Group comply with International Financial Reporting Standards ('IFRS').

This financial report has been authorised to issue per the director's declaration.

Note 3 Significant Accounting Policies (Continued)

(b) Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(c) Basis of Consolidation

A controlled entity is any entity Endless Solar Corporation Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities. A list of controlled entities is contained in Note 14 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(d) Going Concern

The directors have prepared a cash flow which indicates that The Group has sufficient funds to continue in the foreseeable future. These assumptions are based on certain economic and operating assumptions about future events and actions that have not yet occurred, and may not necessarily occur. Directors are confident that if necessary they will be able to raise sufficient capital to enable the continuation of operations until investment returns reach a volume to ensure a return to profitability and positive cash flows.

(e) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Note 3 Significant Accounting Policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(f) Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured costs and subsequently measured at fair value on a recurring basis. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.
A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

AFS financial assets

Listed shares held by the Group that are traded in an active market are classified as AFS and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured).

Note 3 Significant Accounting Policies (Continued)

Fair value is determined in the manner described in note 27. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.
For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.
The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.
When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(g) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised group's share of post-acquisition reserves of its associates.

(h) Equity-settled compensation

The group operates a share-based compensation plans comprising a share option arrangement. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

(i) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

Note 3 Significant Accounting Policies (Continued)

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(k) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(l) Foreign currencies

For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of The Group and the presentation currency for the consolidated financial statements.

(m) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

(n) Intangible assets

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

AASB138.118(b) Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

AASB138.118(b) Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(o) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can

Note 3 Significant Accounting Policies (Continued)

be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(q) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(r) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Note 4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Group are required to make judgements , estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

Note 5 Profit for the year

	2015 $	2014 $
(a) Revenue from continuing operations		
Sales revenue		
- Sale of Goods	276,331	755,272
- Consulting and leasing fees	389,880	-
Total sales revenue	666,211	755,272
Other revenue		
- interest received	141	3,766
- rental revenue	38,382	26,000
Total other revenue	38,523	29,766
Total sales revenue and other revenue	704,734	785,038
Other income		
- Research and Development Tax Subsidies	154,505	205,358
Total other income	154,505	205,358
(b) Total revenue and other income from continuing operations	859,239	990,396

(c) Expenses

	2015 $	2014 $
Expenses		
Cost of sales	155,997	372,248
Interest expense on financial liabilities not at fair value through profit or loss:		
- Insurance funding and others	11,481	1,081
Total interest expense	11,481	1,081
Bad and doubtful debts:		
- trade receivables	-	644
Total bad and doubtful debts	-	644
Employee benefits expense:		
- contributions to defined contribution superannuation funds	26,652	23,458
Rental expense on operating leases		
- minimum lease payments	114,560	112,832

Note 6 Income Tax Expense

		2015 $	2014 $
(a)	The components of tax expense comprise:		
	Current tax	41,821	17,654
	Non taxable R&D tax subsidies	(46,352)	(54,605)
		(4,531)	(36,951)
	Deferred tax	(42,674)	26,888
	Tax Expense/ (Benefit)	(47,205)	(10,063)
(b)	Prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
	Prima facie tax payable on profit from ordinary activities before income tax at [30]% (2014: [30]%)	41,821	17,654
	Less:		
	Tax effect of:		
	- Non taxable R&D tax subsidies	(46,352)	(54,605)
	- Non taxable items	(42,674)	26,883
	Income tax attributable to entity	(47,205)	(10,063)

Note 7 Key Management Personnel Compensation

The aggregate compensation made to directors and other members of key management personnel of The Company and the Group is set out below:

Remuneration	106,545	115,014
Total KMP compensation	106,545	115,014

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

For details of other transactions with KMP, refer to Note 26: Related Party Transactions. For details of loans KMP, refer to Note 11: Trade and Other Receivables.

Note 8 Auditors' Remuneration

Remuneration of the auditor for:		
- auditing the financial report	34,500	28,975
- taxation services	-	2,720
- due diligence services	17,588	-
	52,088	31,695

Note 9 Franking Account Balance

	2015 $	2014 $
Balance of franking account at year end adjusted for franking credits arising from:		
- balance brought forward from previous year	204,441	202,440
- payment/(refund) of income tax	2,510	2,001
	206,951	204,441

Note 10 Cash and Cash Equivalents

Cash at bank and on hand	75,563	139,211
	75,563	139,211

Note 11 Trade and Other Receivables

CURRENT		
Trade receivables	42,970	105,853
	42,970	105,853
Total current trade and other receivables	42,970	105,853
NON-CURRENT		
Rental bond	41,000	38,750
	41,000	38,750
Amounts receivable from related parties		
- Other related parties	30,594	132,042
Total non-current trade and other receivables	71,594	170,792

Note 12 Borrowings

	2015 $	2014 $
Secured – at cost		
- Loan from directors	300,000	-

During the year, the directors have contributed this amount into The Group as a secured loan with the view that the loan could be converted into equity subject to shareholders' approval in the annual general meeting of 2015.

Note 13 Inventories

	2015 $	2014 $
CURRENT		
Solar hot water systems and parts at the lower of cost and net realisable value.	239,745	172,902
Construction work in progress	239,745	172,902

Note 14 Other Financial Assets

Listed shares held by The Group that are traded in an active market are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but that also stated at fair value because the Board consider that fair value can be reliably measured according to the information available and can be measured at fair value on a recurring basis.

	2015 $ Carrying amount	2015 $ Fair value	2014 $ Carrying amount	2014 $ Fair value
NON CURRENT				
Available-for-sale financial assets	680,294	680,294	825,053	825,053
Total Non-current Assets	680,294	680,294	825,053	825,053
Available-for-sale financial assets				
NON CURRENT				
Listed investments, at costs				
- shares in listed corporations	338,653	338,653	338,653	338,653
'- impairment of investment	(57,217)	(57,217)	-	-
	281,436	281,436	338,653	338,653
Unlisted investments, at costs				
- shares in Speedpanel Australia Ltd	266,400	266,400	266,400	266,400
'- impairment of investment	-	-	24,507	24,507
	266,400	266,400	290,907	290,907
Unlisted investments, at costs				
- shares in other related parties				
- shares in Plumbers Federation Ltd (formerly known as E Tube Finance Ltd)	265,000	265,000	240,000	240,000
'- Impairment of investment	(132,542)	(132,542)	(44,507)	(44,507)
	132,458	132,458	195,493	195,493
Total non-current available-for-sale financial assets	680,294	680,294	825,053	825,053

Note 15 Property, Plant and Equipment

	2015 $	2014 $
Furniture and fittings		
At cost	3,912	3,912
(Accumulated depreciation)	(2,699)	(2,397)
	1,213	1,515
Computer Equipment and Software		
At cost	53,305	50,623
(Accumulated depreciation)	(49,691)	(48,847)
	3,614	1,776
Equipment		
At cost	19,711	19,711
(Accumulated depreciation)	(13,624)	(11,646)
	6,087	8,065
Motor Vehicle		
At cost	28,181	28,182
(Accumulated depreciation)	(20,407)	(18,815)
	7,774	9,367
Leasing plant and equipment		
At cost	39,185	39,185
(accumulated depreciation)	(9,706)	(6,749)
	29,479	32,436
Total plant and equipment	48,167	53,158

Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Leased Assets $	Furniture & Fittings $	Computer Software $	Equipment $	Vehicle $	Total $
Balance at 30 June 2013	35,573	1,894	2,962	10,688	11,286	63,403
Additions	-	-	-	-	-	-
Depreciation expense	(4,137)	(379)	(1,186)	(2,624)	(1,919)	(10,245)
Balance at 30 June 2014	32,436	1,515	1,776	8,064	9,367	53,158
Additions	-	-	2,683	-	-	-
Depreciation expense	(2,957)	(302)	(844)	(1,978)	(1,592)	(7,673)
Balance at 30 June 2014	29,479	1,213	3,614	6,086	7,774	48,167

Note 16 Intangible Assets

	2015	2014
	$	$
Integrated thermal device ("CoolSolar")	846,708	846,708
Solar Heating Technology developed in 2013	400,592	400,592
Solar Heating Technology developed in 2014	438,710	438,710
Solar Heating Technology developed in 2015	541,963	-
Patent costs	280,852	147,923
Goodwill		
- Cost	121,847	121,847
- Net carrying amount	121,847	121,847
Trademarks and licences		
- Cost	6,344	6,344
- Net carrying amount	6,344	6,344
Listing costs at National Stock Exchange Australia		
- Listing cost	-	15,641
- Accumulated amortisation	-	(1,564)
- Net carrying amount	-	14,077
Total intangible assets	2,637,016	1,976,200

Goodwill

This represents the cost of assets acquired from a Related Party under an Asset Sale Agreement dated 29 June 2007 for consideration of $150,000, satisfied by the issue of 15 million Preference shares - subsequently converted into Limited Voting Ordinary Shares.

The Directors have reviewed the Goodwill valuation and consider that the valuation is adequate to reflect the level of Goodwill within The Group and therefore no impairment is required.

"CoolSolar" Project Costs and Patent costs

The value of the "CoolSolar" project has been recorded at historical costs. The value of the "CoolSolar" project is underpinned by four (4) patents described by independent patent assessors as "novel and innovative". These patents have a remaining life of 24 years. The Group has received advice to suggest that the commercial benefits are significant if their potential are fully realised. Therefore, the directors are of the opinion that the net carrying value of these patents are not impaired.

Note 17 Other Assets

	2015	2014
	$	$
CURRENT		
Prepayments	25,967	18,106
	25,967	18,106

Note 18 Trade and Other Payables

	2015	2014
CURRENT		
Unsecured liabilities		
Trade payable	193,231	152,090
Construction contract advances received	22,320	-
Borrowing for insurance payment	16,481	-
Amounts payable to related parties		
- associated companies	5,271	-
	237,303	152,090

Note 19 Income Tax Balances

	2015	2014
CURRENT		
Income tax payable	-	-
Total	-	-
NON-CURRENT		
Deferred tax Liability	-	-
Total	-	-

NON-CURRENT	Opening Balance	Charged to Income	Charged directly to Equity	Changes in Tax Rate	Closing Balance
Deferred tax assets					
	$	$	$	$	$
Provisions	21,897	(10,063)	-	-	31,960
Recognition of tax losses being recoverable	41,961	-	-	-	41,961
Balance as at 30 Jun 2014	63,858	(10,063)	-	-	73,921
Provisions	31,960	(47,205)	4,905	-	74,260
Recognition of tax losses being recoverable	41,961	-	-	-	41,961
Balance as at 30 Jun 2015	73,921	(47,205)	4,905	-	116,221

Note 20 Provisions

	2015 $	2014 $
Warranty		
Opening balance at beginning of year	21,938	21,325
Additional provisions raised during year	-	631
Amounts used	(324)	-
Balance at end of the year	21,614	21,938

Provision for Warranties

The Provision for Warranty has been recognised having regard to empirical indicators of repairs and replacements historically carried out under Product guarantees. The amount represents the directors' best estimate of costs to be incurred during 2014/2015

	2015 $	2014 $
Short-term Employee Benefits		
Opening balance at beginning of year	50,041	29,507
Long Service Leaves raised first time during the year	-	31,013
Long Service Leaves expired during the year	(31,013)	-
Additional provisions raised during the year	841	6,344
Employee Benefits used during the year	(10,173)	-
Adjustment for sick leaves accrued in error in previous year	-	(16,823)
Balance at end of the year	9,696	50,041
Others		
Audit fees		
Opening balance at beginning of year	15,700	15,700
Additional provisions raised during year	9,300	-
Balance at end of the year	25,000	15,700
Others		
R & D tax incentive application fees		
Opening balance at beginning of year	50,560	-
Additional provisions raised during year	(50,560)	50,560
Balance at end of the year	-	50,560
TOTAL	56,309	138,239
Analysis of Total Provisions		
CURRENT	56,309	73,380
NON CURRENT	-	64,859
TOTAL	56,309	138,239

Note 21 Issue of Capital

	2015 $	2014 $
1,699,074 fully paid ordinary shares – full voting (30 June 2014: 1,699,074)	120,666	120,666
37,926,022 fully paid ordinary shares – Limited voting (30 June 2014: 36,896,022)	2,157,960	2,034,359
	2,278,626	2,155,025

(a) Ordinary shares

Ordinary share – full voting	2015 No of share	2014 No of share	2015 $	2014 $
Opening balance at the beginning of the year	1,699,074	1,415,895	120,666	92,348
Extra shares issued through Right Issues during the year	-	283,179	-	28,318
Closing balance at the end of the year	1,699,074	1,699,074	120,666	120,666

Ordinary share – limited voting*	2015 No of shares	2014 No of shares	2015 $	2014 $
Opening balance at the beginning of the year	36,869,020	30,746,683	2,034,361	1,679,427
Extra shares issued through Options Exercised during the year	1,030,000	6,149,337	123,599	354,934
Closing balance at the end of the year	37,926,020	36,869,020	2,157,960	2,034,361

**Only ordinary limited voting shares were listed on the National Stock Exchange Australia since 20th January 2014.*

(b) Options - ESC Option Scheme 1 – over limited voting ordinary shares, lapsed at 31/08/2014 and shares issued on exercise of options

Option Series	Grant date	Number of shares under options	Expiry date	Exercise Price	Closing balance as at 30/06/2014	Options exercised at 28/08/2014	Costs $	**Options lapse at 31/08/2014**
1	02/09/2008	3,935,000	31/08/2014	$0.12	3,935,000	1,030,000	123,600	**2,905,000**
2	02/09/2008	695,000	31/08/2014	$0.20	695,000	-	-	**695,000**
3	02/09/2008	995,000	31/08/2014	$0.30	995,000	-	-	**995,000**
Total		5,625,000			5,625,000	2,905,000	123,600	**4,595,000**

(c) Options - Other

Scheme Name	Grant date	Number of shares under options	Class of shares	Exercise price of option	Expiry date	Opening balance of Options at 01.07.2014	Options exercised during the year	Closing balance as at 30.06.2015
ESC Option Scheme 2	13/08/2013	10,000,000	Ordinary limited voting	$0.22	20/06/2019	10,000,000	-	10,000,000
Options attached to April 2012 Right Issue shares	04/04/2012	10,225,616	Ordinary limited voting	$0.10	31/03/2017	10,225,616	-	10,225,616
Options attached to April 2012 Right Issue shares	04/04/2012	471,966	Ordinary full voting	$0.10	31/03/2017	471,966	-	471,966
Options attached to September 2013 Right Issue shares	28/09/2013	6,149,337	Ordinary limited voting	$0.15	31/07/2018	6,149,337	-	6,149,337
Options attached to September 2013 Right Issue shares	28/09/2013	283,179	Ordinary full voting	$0.15	31/07/2018	283,179	-	283,179
ESC Option Scheme 3	01/09/2014	15,000,000	Ordinary limited voting	$0.22	31/08/2020	-	-	15,000,000
		42,130,098				27,130,098	-	42,130,098

These options listed above are not listed in the National Stock Exchange Australia,

No valuation of the above options has been done prior to 30 June 2015 and prior to the report date. The latest share price per ordinary limited voting share in NSX was $0.06.

(d) Capital Management

Management controls the capital of The Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that The Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital, redeemable preference shares, convertible preference shares and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manage The Group's capital by assessing The Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

The Group has maintained its policy of not borrowing from financial institutions to fund its operations and research and development activities.

The gearing ratios for the year ended 30 June 2015 and 30 June 2014 are as follows:

	Note	2015 $	2014 $
Total creditors and borrowings		537,302	173,486
Less cash and cash equivalents		(75,562)	(139,211)
Net debt		461,740	34,275
Total equity		3,343,924	3,223,473
Total capital		3,343,924	3,223,473
		13.81%	1.05%

Note 22 Leasing commitment

Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements

Payable — minimum lease payments	2015 $	2014 $
not later than 12 months	114,560	129,600
between 12 months and 5 years	216,000	160,000
	330,560	289,600

The Group has entered into two property leases. The property leases are non-cancellable with two-year and three-year terms with rent payable monthly in advance. The rental provisions with the lease agreement require that minimum lease payments shall be increased by CPI. Options exist to renew the leases at the end of their terms. The lease allow for sub-letting of all lease areas.

Note 23 Earnings per share

	2015 Cents per share	2014 Cents per share
Basic Earnings per share from continuing operations	0.47292	0.18807
	2015 $	**2014** $
Profit for the year attributable to owners and used in the calculation of basic earnings per share	186,609	68,908
	No. of Shares	No. of Shares
Weighted average number of ordinary shares (voting and limited voting)	39,458,601	36,638,905

Note 24 Operating Segments

Segment Information

The Group and its controlled entities operate in Australia, and in the same business segment of solar energy.

Note 25 Cash Flow Information

	2015	2014
	$	$
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Net Profit after income tax	(3,149)	390,401
Add/(Less) unrealised investment gain	189,759	(321,493)
	186,610	68,908
Cash flows excluded from profit attributable to operating activities		
Finance costs on debentures		
Non-cash flows in calculating profit		
Depreciation	7,673	10,799
Amortisation of listing fees	-	1,564
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	162,081	(118,138)
(Increase)/decrease in inventories	(66,843)	(30,737)
(Increase)/decrease in financial assets	(189,759)	-
(Increase)/decrease in other assets	(2,869)	(831)
(Increase)/decrease in deferred taxes assets	(42,300)	(8,725)
Increase/(decrease) in other liabilities	21,801	4,263
Increase/(decrease) in creditors	63,816	(65,817)
Increase/(decrease) in provisions	(81,930)	71,707
Cash flow from operations	58,280	(67,007)

Note 26 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions and are no more favourable that those available to external parties unless otherwise stated. Note 9 refers to trade and other amounts receivable from related parties. Note 5 sets out details of compensation paid to Key Management Personnel, and to Options and Shares held by those dates.

Note 27 Financial Instruments

27.1 Capital management

The Group manages its capital to ensure that it will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2014.

The capital structure of Company consists of net assets and has no debt. The Group is not subject to any externally imposed capital requirements.

27.2 Categories of financial instruments

	CARRYING AMOUNT	
	2015	2014
Financial assets	$	$
Cash and cash equivalents	75,562	139,211
Trade and other receivable	42,970	105,853
Other Current assets	25,967	18,106
Available for sales investment assets	680,294	825,053
Total Financial assets	824,794	1,088,223
Financial liabilities		
Trade and other payables	537,302	173,486
Total Financial liabilities	537,302	173,486

27.3 Financial risk management objectives

The Group's Corporate function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of The Group. These risks include market risk, credit risk and liquidity risk.

27.4 Market risk

The Group's activities do not expose it to the financial risks of changes in foreign currency exchange rates.

27.5 Interest rate risk management

The Group is not exposed to interest rate risk because it does not borrow funds.

27.6 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss of The Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Receivables consist of a related company balance across geographical areas.

27.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of The Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

27.8 Fair value of financial instruments

This note provides information about how The Group determines fair values of various financial assets and financial liabilities.

27.8.1 Fair value of The Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of The Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets / financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30/06/15	30/06/14		
Listed Investment - Authorised investment Fund Ltd	281,436	338,467	Level 1	Quoted prices on the Australia Stock Exchange (ASX)
Unlisted investment - Speedpanel Australia Ltd	266,400	266,400	Level 3	The fair value is based on 2014 audited financial statements and the informal valuation by The Group as part of share issues in May 2015.
- Plumbers Federation Ltd	132,458	220,186	Level 3	This entity is in the process of commencing trade. The fair value reflects share of listed investments held by those entities.

27.8.2 The only financial liabilities subsequently measured at fair value on level 3 fair value measurement represent contingent consideration relating to the acquisition. No gain or loss for the year relating to this contingent consideration has been recognised in profit or loss.

Note 28 Parent Information

The following information has been extracted from the books and records of the parent entity, Endless Solar Corporation Limited. The records have been prepared in accordance with the Australian Accounting Standards.

	2015 $	2014 $
Statement of Financial Position		
Assets		
Current assets	242,626	284,962
Non-current assets	4,751,394	3,991,050
Total assets	4,994,020	4,276,012
Liabilities		
Current liabilities	132,645	153,928
Non-current liabilities	300,000	-
Total liabilities	432,645	153,928
Equity		
Issued capital	2,278,626	2,155,026
Retained earnings and reserves	2,345,003	1,566,227
Current earnings	(62,254)	400,829
Total equity	4,561,375	4,122,082
Statement of Comprehensive Income		
Total profit	(62,254)	39
Total comprehensive Income	(62,254)	400,829

Note 29 Controlled Entities

Endless Solar Corporation Ltd is the parent company, which control the below entities through equity investment. Except for Endless Solar Operations Pty Ltd is currently trading, all the other entities have not been trading during 2015 and 2014 financial years.

Name	Country of Incorporation	Shares	Ownership Interest		Carrying Amount of Investment	
			2015	2014	2015	2014
			%	%	$	$
Unlisted:						
Endless Solar Operations Pty Ltd	Australia	Ord	100	100	100	100
Endless Solar Technology Pty Ltd	Australia	Ord	100	100	100	100
Renewable Energy Exchange Pty Ltd	Australia	Ord	100	100	2	2
Endless Energy Solutions Pty Ltd	Australia	Ord	60	60	600	600
Endless Aqua Pty Ltd	Australia	Ord	63	63	25	25
Plumbers Federation Ltd	Australia	Ord	60	50	132,548	220,000

Note 30 Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets of a material nature as at balance date

DIRECTORS' DECLARATION

The directors of Endless Solar Corporation Limited declare that:

1. the financial statements and notes, as set out on pages 12 to 39, are in accordance with the *Corporations Act* 2001 including:

   a) complying with Accounting Standards in Australia and the *Corporations Regulations* 2001; and
   b) (b) give a true and fair view of the financial position as at 30 June 2015 and performance for the financial year ended on that date of the company and the economic entity;

2. the Managing Director and Chief Financial Officer have declared that:

   a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act* 2001;
   b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   c) the financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion there are reasonable grounds to believe that the company will be able Its debts as when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

D.H.A. Craig
Director
Dated this 24th day of September 2015

Cathy W Lin
Director
Dated this 24th day of September 2015

MMS Consulting

MMS Consulting Pty Ltd
Chartered Accountants
ABN 15 131 024 158

P.O. Box 194
Doncaster Vic 3108

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ENDLESS SOLAR CORPORATION LIMITED

Report on the financial report

I have audited the accompanying financial report of Endless Solar Corporation Limited which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Endless Solar Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In my opinion the financial report of Endless Solar Corporation Limited is in accordance with the *Corporations Act 2001*, including:

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MMS Consulting

(i) giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2015 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Report on the Remuneration Report

I have audited the Remuneration Report included in pages 9 and 10 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. My responsibility is to express an opinion on the Remuneration Report, based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the Remuneration Report of Endless Solar Corporation Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Margaret M Salter FCA

Dated at Melbourne this 24th day of September 2015.

Endless Solar Corporation Limited

A.C.N 122 708 061
Level 9, 406 Collins Street, Melbourne VIC 3000

Top 20 LVO Shareholders

NO	Shareholder	%	Shares As At 30/06/2015
1	Endless Solar Pty Ltd	24.04%	9,116,848
2	Harvard Nominees Pty Ltd A/C 4	14.08%	5,338,373
3	Lion Corporate Services P/L A/C 14	10.82%	4,104,000
4	Authorised Investment Fund Ltd	8.86%	3,360,001
5	Lion Corporate Services P/L A/C 12	7.38%	2,799,256
6	Vardale Pty Ltd <Pocket Kings Investment A/C>	4.52%	1,715,014
7	Chris Baring-Gould & Susan Koay <Koay Baring-Gould S/F A/C>	3.79%	1,436,400
8	Collins Court Corporation Ltd	2.52%	957,600
9	Mr S Standish	2.48%	940,409
10	Mr D H A Craig	2.34%	889,200
11	Lion Corporate Services P/L A/C 11	1.15%	437,760
12	Pethol (VIC) Pty Ltd <Macdy No 5 S/F A/C>	1.06%	400,000
13	Gorden Walsh <TJW Discretionary A/C>	0.98%	371,640
14	Pocket Kings Investment <Pocket Kings S/F A/C>	0.97%	367,080
15	Mrs D L Craig	0.73%	275,601
16	Mr L Ni	0.66%	250,000
17	Harvard Nominees P/L A/C 3	0.65%	247,500
18	DBA Management Consultants Pty Ltd	0.63%	240,000
19	Linnells Pty Ltd	0.63%	240,000
20	Spoon Holdings Pty Ltd	0.63%	240,000
	Total Top 20	**88.92%**	**33,726,682**
	Total All Shareholders	**100.00%**	**37,926,021**