

## **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.  
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 may be handled through Board Committees. However, given the current small size of The Group's operations, the Board as a whole is responsible has been responsible for all matters concerning corporate governance and management.

### **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 non-executive directors and an 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 2017. 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 has served as Chief Finance Officer at Anglicare Victoria for 18½ years. 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.
Mr Steven Wesselink Director appointed 01/07/2017.	Steve joined the Royal Australian Air Force (RAAF) at 15 as an Engineering Apprentice. Graduated as an Aircraft Metal Worker spending 20 years designing manufacturing and installing structural components for aircraft maintenance. Following 21 year's service in the RAAF a change of direction into the pneumatics industry was chosen. Initially as a sales representative then as a company director of a mobile pneumatic sales and service company importing and installing components for maintenance and manufacturing of packaging, robotics and machinery automation.

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 30/06/2017

Director	Full voting ordinary share No	Limited voting ordinary share No	Total No
Mr. D.H.A.Craig	503,253	7,611,257	8,114,510
Mr.C Baring-Gould	160,821	1,436,400	1,597,221
Ms. C W Lin	-	132,000	132,000
Total	664,074	9,179,657	9,843,731

#### 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	89,179	1,290,297	1,379,476
Mr.C Baring-Gould	43,000	239,400	282,400
Ms. C W Lin	-	38,000	38,000
Total	211,179	3,034,200	1,699,876

#### 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 \$698,918, after providing for a diminution in the value of investments (2016: loss \$216,970). The net operating loss for the year after income tax benefit was \$151,268 (2016 loss \$216,970).

#### 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 2017 financial year, The Group continued its provision of specialist and innovative technology designs, and supplying evacuated tube solar hot water systems to the Australian and international markets. The Group has focused on commercial projects.

#### Financial Position

The net assets of the economic entity have decreased by \$417,374 to \$2,709,580 at 30 June 2017. This has largely resulted from the diminution in value of investments in AIY and Speedpanel.

There were no other significant changes in the state of affairs of the economic entities during the financial year ended 30 June 2017.

#### Subsequent Events

During early 2017/18, the Group was invited to, and settled out of court, a small amount in satisfaction of expunging past and future claims made by an opportunistic overseas entity for alleged patent breaches. Other than this, 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 Directors intend to continue:

- The Group's current operations of providing specialist and innovative technology designs, supplying evacuated tube solar hot water systems to the Australian and international markets,

- Investing in research and development, and where appropriate, securing patent rights to protect its Intellectual Property in Australian and international markets .
- Seek out new business opportunities that will add long-term economic value to The Group.

These strategies will assist in the achievement of the economic entity's long-term goals.

## Meetings of Directors

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

	<u>Directors' Meetings</u>			<u>Audit Committee Meetings</u>	
	Number eligible to attend	Number attended		Number eligible to attend	Number attended
Mr. D.H.A. Craig	5	5		-	-
Ms. C W Lin	5	5		2	2
Mr. C Baring-Gould	5	5		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 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
Total			16,432,516			

## 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 2017 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 2017. 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

<b>Name</b>	<b>Position</b>
Mr. D.H.A. Craig	Director - Executive and Chairman
Mr. C Baring-Gould	Director - Non-Executive
Ms. Cathy Lin	Director - Executive/Company Secretary
Mr. Steven Wesselink	Director – Executive (appointed on 01/07/2017)

### 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 2017

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

##### **Directors**

	Short Term Benefits		Post Employment Super \$	Share based payments \$	Other \$	Total	Performance Related %
	Salary & Fees \$	Super. Contribution \$					
Mr. D.H.A.Craig	-	-	-	-	-	-	-
Mr. C Baring-Gould	-	-	-	-	-	-	-
Ms. C W Lin	22,727	-	-	-	-	22,727	-

#### **Shares issued as Part of Remuneration for the Year Ended 30 June 2017**

There were no shares issued to directors and executives as part of their remuneration during 2017.

#### **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 29th September 2017

**Auditor's Independence Declaration  
Endless Solar Corporation Limited**

As lead auditor for the audit of Endless Solar Corporation Limited for the financial year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there has been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions to any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Endless Solar Corporation Limited during the financial year.

Yours sincerely



Margaret M Salter FCA

28 September 2017

Melbourne.

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>Continuing operations</b>			
Sales Revenue	5	201,451	283,664
Cost of Sales		<u>(100,678)</u>	<u>(162,976)</u>
Gross Profit		100,773	120,688
Other income	5	212,120	247,452
Administration expenses		(442,210)	(697,675)
Depreciation Expense		(5,093)	(7,535)
Finance costs		-	(890)
Other expenses		<u>(16,922)</u>	<u>(62,242)</u>
	5	(464,225)	(768,342)
<b>Loss before tax</b>		<b>(151,332)</b>	<b>(400,202)</b>
Income tax (expense)/benefit	6	<u>64</u>	<u>183,232</u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b><u>(151,268)</u></b>	<b><u>(216,970)</u></b>
<b>Other comprehensive income, net of tax</b>			
Gain/(Loss) on investment revaluation		(547,650)	-
Other comprehensive income for the year		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>(698,918)</u></b>	<b><u>(216,970)</u></b>

**Earnings per share:**

23

From continuing operations

Basic (cents per share)	(1.7638) cps	(0.5476) cps
Diluted (cents per share)	(1.7638) cps	(0.5476) cps

There were no discontinued operations during the year.

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There were no dividends declared during the year.

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The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10	69,413	1,618
Trade and other receivables	11	1,703	11,186
Inventories	13	99,319	134,092
Other assets	17	-	10,731
<b>TOTAL CURRENT ASSETS</b>		<b>170,435</b>	<b>157,627</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	11	189,353	140,312
Other financial assets	14	132,458	680,108
Property, plant and equipment	15	36,531	41,624
Deferred tax assets	19	299,516	299,452
Intangible assets	16	3,479,099	2,827,849
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,136,957</b>	<b>3,989,345</b>
<b>TOTAL ASSETS</b>		<b>4,307,392</b>	<b>4,146,972</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade, other payables and borrowing	18	367,683	266,112
Provisions	20	42,513	42,691
<b>TOTAL CURRENT LIABILITIES</b>		<b>410,196</b>	<b>308,803</b>
<b>NON-CURRENT LIABILITIES</b>			
Loan from associates	12	1,187,616	711,215
<b>TOTAL NON-CURRENT LIABILITIES</b>			<b>711,215</b>
<b>TOTAL LIABILITIES</b>		<b>1,597,812</b>	<b>1,020,018</b>
<b>NET ASSETS</b>		<b>2,709,580</b>	<b>3,126,954</b>
<b>EQUITY</b>			
Issued capital	21	2,278,627	2,278,627
Capital Development Reserve		265,812	265,812
Investment Revaluation Reserve		245,735	245,735
Retained earnings		(80,594)	336,780
<b>TOTAL EQUITY</b>		<b>2,709,580</b>	<b>3,126,954</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Ordinary Shares	Retained Earnings	Capital Development Reserve*	Investment Revaluation Reserve	Total
	\$	\$	\$		\$
Balance at 1 July 2015	2,278,627	553,750	265,812	245,735	3,343,924
Comprehensive income					
Profit for the year	-	(216,970)	-		(216,970)
Other comprehensive income for the year					
Total comprehensive income for the year	-	(216,970)	-		(216,970)
Balance at 30 June 2016	2,278,627	336,780	265,812	245,735	3,126,954
Balance at 1 July 2016	2,278,627	336,780	265,812	245,735	3,126,954
Comprehensive income					
Profit for the year		(698,918)	-		(698,918)
Recognition of prior year R&D tax claim		281,544			281,544
Other comprehensive income for the year				-	-
Total comprehensive income for the year	-	(417,374)	-	-	(417,374)
Balance at 30 June 2017	2,278,627	(80,594)	265,812	245,735	2,709,580

The accompanying notes form part of these financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt from customers		155,780	246,356
Payment to suppliers and employees		(412,915)	(725,275)
Interest received		6,114	374
Government grant received		212,120	247,452
Taxes refund/(paid)			-
Net cash provided by/(used in) operating activities	25	(38,901)	(231,093)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-	(992)
Payment for Research & Development activities		(337,728)	(204,317)
Payment for patents		(31,977)	(48,757)
Payment for shares in other company		-	-
Net cash provided by/(used in) investing activities		(369,705)	(254,066)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital contribution received			-
Long term borrowing		476,401	411,215
Net cash provided by/(used in) financing activities		476,401	411,215
Net increase/(decrease) in cash held		67,795	(73,944)
Cash and cash equivalents at beginning of financial year		1,618	75,562
Cash and cash equivalents at end of financial year	10	69,413	1,618

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 2017**

### **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 Company 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 2015-3 'Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality'	This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	The amendments to AASB 128 align the relief available in AASB 10 and AASB 128 in respect of the financial reporting requirements for Australian groups with a foreign parent. The amendments require that ultimate Australian entity shall apply the equity method in accounting for interests in associates and joint ventures if either the entity or the group is a reporting entity, or both the entity and group are reporting entities.

The application of these amendments does not have any material impact on the disclosures or amounts recognized in the Company's consolidated 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.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 9 'Financial Instruments', and the relevant amending standards <sup>1</sup>	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 2018	30 June 2019
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
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 2018	30 June 2019
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2016 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 2016-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Exception'	1 January 2016	30 June 2017

**(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.

For the purposes of preparing the financial statements, the Company 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 complies with International Financial Reporting Standards ('IFRS').

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

**(b) Basis of Preparation**

The 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 Company 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 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 not Consolidating**

The controlled entities disclosed at Note 16 have not been consolidated as they were dormant throughout the current and prior financial periods.

**(d) Going Concern**

The directors have prepared a cash flow which indicates that the company 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.

## **Note 3      Significant Accounting Policies (continued)**

### **(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.

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.

The Company is a registered Pooled Development Fund ("PDF"), and as such is entitled to certain tax concessions. With the exception of these tax concessions, PDF's are taxed in the same way as other companies. The taxable income of a PDF is to be divided into two components and taxed at different rates. The two components of a PDF's taxable income are as follows:

- (i) the small and medium enterprises income component (taxed at 15%), and
- (ii) the unregulated investment component (taxed at 25%).

Whilst PDF's are taxed at either 15% or 25%, depending on the composition of their taxable income, any franked dividends paid by a PDF are franked at the prevailing general corporate tax rate, currently 27.5%.

### **(f) Financial Instruments**

#### **Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

#### **Financial assets at fair value through profit and loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

## **Note 3            Significant Accounting Policies (continued)**

### **Held-to-maturity investments**

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

### **Available-for-sale financial assets**

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

### **Financial liabilities**

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

### **Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

### **Impairment**

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

## **(g) Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where 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. This reversal of impairment loss is in line with the requirement of AASB 136 para 109.

## **(h) 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.

## **(i) 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.

## **Note 3      Significant Accounting Policies (continued)**

### **(j) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### **(k) 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).

### **(l) 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.

### **(m) 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.

### **(n) 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**

	2017 \$	2016 \$
<b>(a) Revenue from continuing operations</b>		
Sales revenue		
- Sale of Goods	187,417	211,190
- Consulting and leasing fees	-	57,700
Total sales revenue	187,417	268,890
Other revenue		
- interest received	6,114	374
- rental revenue	7,920	14,400
Total other revenue	14,034	14,774
Total sales revenue and other revenue	201,451	283,664
Other income		
- Research and Development Tax Subsidies	212,120	247,452
Total other income	212,120	247,452
<b>(b) Total revenue and other income from continuing operations</b>	413,571	531,116
<b>(c) Expenses</b>		
	2017 \$	2016 \$
Expenses		
Cost of sales	100,678	162,976
Interest expense on financial liabilities not at fair value through profit or loss:		
- Insurance funding and others	-	1,963
Total interest expense	-	1,963
Bad and doubtful debts:		
- trade receivables	4,306	4,095
Total bad and doubtful debts	4,306	4,095
Employee benefits expense:		
- contributions to defined contribution superannuation funds	15,058	28,226
Rental expense on operating leases		
- minimum lease payments	187,835	145,246
All other expenses	156,438	588,812
Total Expenses	464,225	768,342

**Note 6 Income Tax Expense**

	2017 \$	2016 \$
(a) The components of tax expense comprise:		
Current tax	(192,220)	(114,057)
Non taxable R&D tax subsidies	(58,333)	(70,524)
	<u>(250,553)</u>	<u>(184,581)</u>
Deferred tax	246,459	(4,461)
Adjustment for change in income tax rate from 30% to 28.5%	-	5,811
Adjustment for change in income tax rate From 28.5% to 27.5%	4,030	
Tax Expense/ (Benefit)	<u>(64)</u>	<u>(183,231)</u>
(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 28.5% (2016: 30%)	(192,220)	(114,057)
Less:		
Tax effect of:		
- Non taxable R&D tax subsidies	(58,333)	(70,524)
- Non taxable items	246,459	(4,461)
Adjustment to deferred tax benefit from change in income tax rate	4,030	5,811
Income tax benefit attributable to entity	<u>(64)</u>	<u>(183,231)</u>

**Note 7 Key Management Personnel Compensation**

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

Remuneration	22,727	105,455
Total KMP compensation	<u>22,727</u>	<u>105,455</u>

**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 25: 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	24,600	19,000
	<u>24,600</u>	<u>19,000</u>

**Note 9            Franking Account Balance**

	2017 \$	2016 \$
Balance of franking account at year end adjusted for franking credits arising from:		
- balance brought forward from previous year	206,951	206,951
- payment/(refund) of income tax	-	-
	<u>206,951</u>	<u>206,951</u>

**Note 10            Cash and Cash Equivalents**

Cash at bank and on hand	<u>69,413</u>	<u>1,618</u>
	69,413	1,618

**Note 11            Trade and Other Receivables**

CURRENT		
Trade receivables	<u>1,703</u>	<u>11,186</u>
	<u>1,703</u>	<u>11,186</u>
Total current trade and other receivables	<u>1,703</u>	<u>11,186</u>
NON-CURRENT		
Rental bond	<u>72,858</u>	<u>42,625</u>
	<u>72,858</u>	<u>42,625</u>
Amounts receivable from related parties		
- Other related parties	<u>116,495</u>	<u>97,687</u>
Total non-current trade and other receivables	<u>189,353</u>	<u>140,312</u>

**Note 12            Borrowings**

	2017 \$	2016 \$
Secured – at cost		
- Loan from directors	<u>1,187,616</u>	<u>711,215</u>

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 2017.



**Note 13 Inventories**

	2017 \$	2016 \$
CURRENT		
Solar hot water systems and parts at the lower of cost and net realisable value.	99,319	134,092
Construction work in progress	99,319	134,092

**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.

	2017 \$ Carrying amount	2017 \$ Fair value	2016 \$ Carrying amount	2016 \$ Fair value
NON CURRENT				
Available-for-sale financial assets	132,458	132,458	680,108	680,108
Total Non-current Assets	132,458	132,458	680,108	680,108

**Available-for-sale financial assets**

NON CURRENT				
Listed investments, at costs				
- shares in listed corporations	338,467	338,467	338,467	338,467
‘- impairment of investment	(338,467)	(338,467)	(57,217)	(57,217)
	-	-	281,250	281,250
Unlisted investments, at costs				
- shares in Speedpanel Australia Ltd	266,400	266,400	266,400	266,400
‘- impairment of investment	(266,400)	(266,400)	-	-
	-	-	266,400	266,400
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	265,000	265,000
‘- Impairment of investment	(132,542)	(132,542)	(132,542)	(132,542)
	132,458	132,458	132,458	132,458
Total non-current available-for-sale financial assets	132,458	132,458	680,108	680,108

**Note 15 Property, Plant and Equipment**

	2017 \$	2016 \$
Furniture and fittings		
At cost	3,912	3,912
(Accumulated depreciation)	(3,117)	(2,931)
	795	981
Computer Equipment and Software		
At cost	54,298	54,298
(Accumulated depreciation)	(53,043)	(52,066)
	1,255	2,232
Equipment		
At cost	19,711	19,711
(Accumulated depreciation)	(16,116)	(15,032)
	3,595	4,679
Motor Vehicle		
At cost	28,181	28,181
(Accumulated depreciation)	(22,735)	(21,676)
	5,446	6,506
Leasing plant and equipment		
At cost	39,185	39,185
(accumulated depreciation)	(13,745)	(11,959)
	25,440	27,226
Total plant and equipment	36,531	41,624

**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 2015	29,479	1,213	3,614	6,086	7,774	48,167
Additions	-	-	992	-	-	992
Depreciation expense	(2,253)	(232)	(2,374)	(1,407)	(1,268)	(7,535)
Balance at 30 June 2016	27,226	981	2,232	4,679	6,506	41,624
Additions	-	-	-	-	-	-
Depreciation expense	(1,786)	(186)	(977)	(1,084)	(1,060)	(5,093)
Balance at 30 June 2017	25,440	795	1,255	3,595	5,446	36,531

**Note 16 Intangible Assets**

	2017	2016
	\$	\$
Integrated thermal device ("CoolSolar")	846,708	846,708
Solar Heating Technology developed in 2013	400,592	400,592
Solar Heating Technology developed in 2014	376,469	376,469
Solar Heating Technology developed in 2015	541,963	541,963
Solar Heating Technology developed in 2016	204,317	204,317
Solar Heating Technology developed in 2017	619,272	-
Patent costs	361,587	329,609
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	-	-
- Accumulated amortisation	-	-
- Net carrying amount	-	-
Total intangible assets	3,479,099	2,827,849

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.

	2017	2016
<b>Note 17 Other Assets</b>		
	\$	\$
CURRENT		
Prepayments	-	10,731
	-	10,731

**Note 18 Trade and Other Payables**

CURRENT		
Unsecured liabilities		
Trade payable	231,781	168,013
Construction contract advances received	-	7,920
Borrowing for insurance payment		-
Amounts payable to related parties		
- associated companies	135,902	90,179
	367,683	266,112

**Note 19 Income Tax Balances**

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
<b>Deferred tax assets</b>					\$
	\$	\$	\$	\$	
Provisions	74,260	4,461	-	(5,811)	72,910
Recognition of tax losses being recoverable	41,961	184,581		-	226,542
Balance as at 30 Jun 2016	116,221	189,042	-	(5,811)	299,452
Provisions	72,910	4,094	-	(4,030)-	72,974
Recognition of tax losses being recoverable	226,542	-	-	-	226,542
Balance as at 30 Jun 2017	299,452	4,094	-	-	299,516

Note 20	Provisions	2017 \$	2016 \$
	Warranty		
	Opening balance at beginning of year	21,613	21,613
	Additional provisions raised during year	-	-
	Amounts used	-	-
	Balance at end of the year	21,613	21,613

*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 2016/2017*

Short-term Employee Benefits		
Opening balance at beginning of year	2,078	9,696
Long Service Leave expired during the year	-	-
Additional provisions raised during the year	(2,078)	(841)
Employee Benefits used during the year		6,777
Balance at end of the year	-	2,078

Others		
Audit fees		
Opening balance at beginning of year	19,000	25,000
Additional provisions raised during year	1,900	(6,000)
Balance at end of the year	20,900	19,000

Others		
R & D tax incentive application fees		
Opening balance at beginning of year	-	-
Additional provisions raised during year	-	-
Balance at end of the year	-	-

TOTAL	42,513	42,691
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Analysis of Total Provisions		
CURRENT	42,513	42,691
NON CURRENT		-
TOTAL	42,513	42,691

**Note 21 Issue of Capital**

	2017 \$	2016 \$
1,699,074 fully paid ordinary shares – full voting (30 June 2016: 1,699,074)	120,666	120,666
37,926,022 fully paid ordinary shares – Limited voting (30 June 2016: 37,926,022)	2,157,961	2,157,961
	<u>2,278,627</u>	<u>2,278,627</u>

(a) Ordinary shares

<b>Ordinary share – full voting</b>	<b>2017 No of share</b>	<b>2016 No of share</b>	<b>2017 \$</b>	<b>2016 \$</b>
Opening balance at the beginning of the year	1,699,074	1,699,074	120,666	120,666
Extra shares issued through Right Issues during the year	-	-	-	-
Closing balance at the end of the year	1,699,074	1,699,074	120,666	120,666
<b>Ordinary share – limited voting*</b>	<b>2017 No of shares</b>	<b>2016 No of shares</b>	<b>2017 \$</b>	<b>2016 \$</b>
Opening balance at the beginning of the year	37,926,020	37,926,020	2,157,961	2,157,961
Extra shares issued through Options Exercised during the year	-	-	-	-
Closing balance at the end of the year	<u>37,926,020</u>	<u>37,926,020</u>	<u>2,157,961</u>	<u>2,157,961</u>

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

(b) 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 01.07.2016	Options exercised during the year	Closing balance as at 30.06.2017
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 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
		<u>16,432,516</u>				<u>16,432,516</u>	<u>-</u>	<u>16,432,516</u>

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 2017 and prior to the report date. The latest share price per ordinary limited voting share in NSX was \$0.06.

(c) 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 2017 and 30 June 2016 are as follows:

	Note	2017 \$	2016 \$
Total creditors and borrowings		1,555,299	977,327
Less cash and cash equivalents		(69,413)	(1,618)
Net debt		1,485,886	975,709
Total equity		2,709,580	3,126,954
Total capital		2,709,580	3,126,954
		54.84%	31.20%

## **Note 22 Leasing and other commitments**

### **a. Operating Lease Commitments**

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

Payable — minimum lease payments	2017 \$	2016 \$
not later than 12 months	164,315	122,160
between 12 months and 5 years	353,683	335,940
	517,998	458,100

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 leases allow for sub-letting of all lease areas.

The Group has also entered into a motor vehicle lease with a 4 year term.

### **b. Financial Funding Commitments**

Payable — minimum repayments	2017 \$	2016 \$
not later than 12 months	-	17,555
	-	17,555

## **Note 23 Earnings per share**

	2017 Cents per share	2016 Cents per share
Basic Earnings per share from continuing operations	(1.7638)	(0.5476)

	2017 \$	2016 \$
Profit/(loss) for the year attributable to owners and used in the calculation of basic earnings per share	(698,918)	(216,970)
	No. of Shares	No. of Shares
Weighted average number of ordinary shares (voting and limited voting)	39,625,094	39,625,094

## 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

	2017 \$	2016 \$
<b>Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Net Profit after income tax	(698,918)	(216,970)
Add/(Less) unrealised investment gain	-	-
	(698,918)	(216,970)
Cash flows excluded from profit attributable to operating activities		
Finance costs on debentures		
Non-cash flows in calculating profit		
Depreciation	5,093	7,535
R&D written off	-	62,242
Change in assets and liabilities		
(Increase)/decrease in trade and other receivables	(39,559)	(35,934)
(Increase)/decrease in inventories	34,823	105,703
(Increase)/decrease in financial assets	547,600	136
(Increase)/decrease in other assets	10,731	15,236
(Increase)/decrease in deferred taxes assets	(64)	(183,231)
Increase/(decrease) in other liabilities	-	-
Increase/(decrease) in creditors	101,571	28,809
Increase/(decrease) in provisions	(178)	(13,618)
Cash flow from operations	(38,901)	(231,093)



**Note 26 Related Party Transactions**

Transactions between related parties are on normal commercial terms and conditions and are no more favourable than 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 2016.

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**

	<b>CARRYING AMOUNT</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>		
Cash and cash equivalents	69,413	1,618
Trade and other receivable	101,022	151,498
Other Current assets	-	10,731
Available for sales investment assets	132,458	680,108
Total Financial assets	<u>302,893</u>	<u>843,955</u>
<b>Financial liabilities</b>		
Trade and other payables	1,555,299	977,327
Total Financial liabilities	<u>1,555,299</u>	<u>977,327</u>

**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)
	30/06/17	30/06/16		
Listed Investment - Authorised investment Fund Ltd	-	281,250	Level 1	Quoted prices on the Australia Stock Exchange (ASX)
Unlisted investment - Speedpanel Australia Ltd	-	266,400	Level 3	During the 2016/17 financial year, Speedpanel Australia Ltd was placed in Administration. This action was undertaken notwithstanding the fact that substantial funds had been raised during the 2015/16 and 2016/17 financial years. To date we have not received any meaningful information from the Administrator regarding the cause of the insolvency. Following receiving notice of Speedpanel being placed in Administration, we have written off our total investment in the company.
- Plumbers Federation Ltd	132,458	132,458	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.

	2017 \$	2016 \$
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current assets	61,965	12,474
Non-current assets	5,239,405	5,482,800
Total assets	<u>5,301,370</u>	<u>5,495,547</u>
<b>Liabilities</b>		
Current liabilities	92,334	143,235
Non-current liabilities	1,111,000	635,000
Total liabilities	<u>1,203,334</u>	<u>778,235</u>
<b>Equity</b>		
Issued capital	2,278,626	2,278,626
Retained earnings and reserves	2,438,412	2,282,749
Current earnings	619,002	155,664
Total equity	<u>4,098,036</u>	<u>4,717,039</u>
<b>Statement of Comprehensive Income</b>		
Total loss	<u>(619,066)</u>	<u>(27,567)</u>
Total comprehensive Income	<u>(619,002)</u>	<u>155,664</u>

**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 which is currently trading, all the other entities have not been trading during 2016 and 2017 financial years.

Name	Country of Incorporation	Shares	Ownership Interest		Carrying Amount of Investment	
			2017 %	2016 %	2017 \$	2016 \$
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	60	132,548	132,548

**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 17 to 36, 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 2017 and performance for the financial year ended on that date of The Group and the economic entity;
2. the Managing Director and Chief Financial Officer have declared that:
  - a) the financial records of The Group 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 Group 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 29<sup>th</sup> day of September 2017

**Auditor's Independence Declaration  
Endless Solar Corporation Limited**

As lead auditor for the audit of Endless Solar Corporation Limited for the financial year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there has been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions to any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Endless Solar Corporation Limited during the financial year.

Yours sincerely



Margaret M Salter FCA

28 September 2017

Melbourne.

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

**Report on the financial report**

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***My Opinion***

I have audited the accompanying financial report of Endless Solar Corporation Limited. The Company and its subsidiaries (the group) which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

In my opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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***Basis for Opinion***

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

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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***Key Audit Matters***

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. For each matter below, my description of how my audit addressed the matter is provided in that context.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the audit of the Financial Report* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial report. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion of the accompanying financial report.

Key audit matter	How my audit addressed the matter
<i>Existence and valuation of investments</i>	
<p>Endless Solar Corporation Ltd.'s investment in listed and unlisted companies represents 63% of total assets at 30 June 2017.</p> <p>Investments in listed companies are valued by multiplying the quantity held by the respective market price. Investments in unlisted companies are either held at cost or estimated net tangible asset value per share.</p> <p>The unlisted public company where the company has investment went into voluntary administration on 27 March 2017. The company has treated this investment as fully impaired and has written down the value of shares to nil.</p> <p>At 30 June 2017 significant judgement was not used in determining the fair value of the remaining investments.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>(i) Recalculating the fair value of investments based on market prices.</li> <li>(ii) Agreeing the investment holdings at 30 June 2017 to external share registries.</li> <li>(iii) For listed investments, agreed market prices used to value investments to independent market pricing sources.</li> <li>(iv) For unlisted investments, where there was less or little market observable data, agreed the investment value used to the cost information or net tangible asset information obtained from the unlisted entity.</li> <li>(v) Fair value of unlisted investments, including impairment was assessed by examining documentation available publicly.</li> </ul>
<i>Valuation of Intangibles – Research and Development Costs</i>	
<p>Endless Solar Corporation Ltd. has Deferred Research and Development Cost for Integrated thermal device ("CoolSolar") and Solar Heating Technology totalling \$2,707,728. This represents 63% of total assets at 30 June 2017.</p> <p>Deferred Research and Development Cost is carried at cost on the same basis as calculated for R&amp;D grant claims based on the Directors.</p> <p>At 30 June 2017 significant judgement was used in determining the fair value of the remaining investments.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>(i) Ascertaining the movement Deferred Research and Development Cost.</li> <li>(ii) Inquiring as to the basis of assessment of fair value and examined the reasonableness of underlying assumptions.</li> </ul>
<i>Loan from Associates</i>	
<p>Endless Solar Corporation Ltd. has obtained loan from associates of \$1,187,616 as at 30 June 2017. The loans have been used to finance trading operations.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>(i) Confirmation of the loan amounts as at 30 June 2017.</li> <li>(ii) Securing a comfort letter that the associates will continue to support the trading activities of the entity.</li> </ul>

### ***Other Information***

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon.

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

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

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

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### ***Responsibilities of the Directors for the Financial Report***

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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### ***Auditor's Responsibility for the audit of the Financial Report***

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

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx> . This description forms part of my auditor's report.

### ***Report on the Remuneration Report***

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#### ***My opinion on the remuneration report***

I have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In my opinion, the Remuneration Report of Endless Solar Corporation Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.





**MMS Consulting**

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*Responsibilities*

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.

Margaret M Salter FCA

Dated at Melbourne this 29<sup>th</sup> day of September 2017.

## Endless Solar Corporation Limited

A.C.N 122 708 061

Level 9, 406 Collins Street, Melbourne VIC 3000

### Top 20 LVO Shareholders

		Shares As At 30/6/2017	
	Shareholder	%	Number
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 Trust A/C>	4.52%	1,715,014
7	Chris Baring-Gould and Sussan Baring-Gould <Koay Baring-Gould Superannuation Fund A/C>	3.79%	1,436,400
8	Collins Court Corporation Ltd	2.52%	957,600
9	Mr. Stephen Standish	2.48%	940,409
10	Mr. David 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 Superannuation Fund A/C>	1.05%	400,000
13	Gorden Walsh < TJW Discretionary Trust A/C>	0.98%	371,640
14	Pocket Kings Investment Pty Ltd < Pocket Kings Superannuation Fund A/C>	0.97%	367,080
15	Mr. Lingke Ni	0.66%	250,000
16	Harvard Nominees P/L A/C 3	0.65%	247,500
17	DBA Management Consultants Pty Ltd	0.63%	240,000
18	Linnells Pty Ltd	0.63%	240,000
19	Spoon Holdings Pty Ltd	0.63%	240,000
20	Donald E Ross Pty Ltd <Donald E Ross Pty Ltd Superannuation Fund A/C>	0.63%	239,582
<b>Total Top 20</b>		<b>88.83%</b>	<b>33,690,663</b>
<b>Total - All Shareholders</b>		<b>100.00%</b>	<b>37,926,022</b>