

ENDLESS SOLAR CORPORATION LIMITED

ABN 51 122 708 061

Annual Financial Report for the
Year Ended 30 June 2018

ENDLESS SOLAR CORPORATION LIMITED

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 June 2018

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ENDLESS SOLAR CORPORATION LIMITED

CORPORATE DIRECTORY

Registered Office and Principal Place of Business:

Level 9
406 Collins Street, Melbourne
Victoria 3000

Directors:

Mr. David H Craig – Chairman and Executive Director
Mr. Chris Baring-Gould – Non Executive Director
Mr Steven Wesselink - Executive Director
Ms. Cathy W Lin – Executive Director (resigned on 06 August 2018)

Secretary:

Ms. Cathy W Lin (resigned on 06 August 2018)
Mr. Steve Wesselink (appointed on 15 September 2018)

Auditors:

SHEPARD WEBSTER & O'NEILL AUDIT PTY LTD
Level 1 / 434 Nepean Highway
FRANKSTON VIC 3199

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

Website:

www.endless-solar.com.au

ENDLESS SOLAR CORPORATION LIMITED

DIRECTORS' REPORT

The directors of Endless Solar Corporation Limited submit herewith the annual report of The Group for the financial year ended 30 June 2018. 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).
Mr Steven Wesselink Executive Director (appointed on 1 July 2018) Company Secretary (appointed on 15 September 2018)	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.

Ms Cathy W Lin Executive Director & Company Secretary (resigned on 06 August 2018)

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 income of the economic entity was \$334,803, after adjusting for the fair value of investments (2017: loss \$698,918). The net operating profit for the year after income tax expense was \$334,803 (2017 loss \$698,918).

Dividends Paid or Recommended

No dividends were paid or recommended during the financial year (2017: nil).

Review of Operations

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

During the 2018 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.

ENDLESS SOLAR CORPORATION LIMITED

DIRECTORS' REPORT

Financial Position

The net assets of the economic entity have increased by \$334,803 to \$3,044,383 at 30 June 2018.

There were no other significant changes in the state of affairs of the economic entities during the financial year ended 30 June 2018.

After Balance Date Events

No events have occurred since the Balance Sheet date that may significantly affect the entity's state of affairs 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 5 meetings of directors (including committees) were held. Attendances were

	<u>Directors' Meetings</u>			<u>Audit Committee Meetings</u>	
	Number			Number	
	eligible to	Number		eligible to	Number
	attend	attended		attend	attended
Mr. D.H.A. Craig	3	3		2	2
Mr. C Baring-Gould	3	3		2	2
Mr Steven Wesselink	3	3		-	-
Ms. C W Lin (resigned on 06 August 2018)	3	3		-	-

Environmental Issues

The company 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.

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 30/06/2018

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
Mr Steven Wesselink	-	-	-
Ms. C W Lin (resigned on 06 August 2018)	-	132,000	132,000
Total	664,074	9,179,657	9,843,731

ENDLESS SOLAR CORPORATION LIMITED

DIRECTORS' REPORT

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

Director	Full voting ordinary share No	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
Mr Steven Wesselink	-	-	-
Ms. C W Lin (resigned on 06 August 2018)	-	38,000	38,000
Total	132,179	1,567,697	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.

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:

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

Ms Margaret Salter F.C.A resigned as Auditor in February 2018 and subsequently Shepard Webster & O'Neill Audit Pty Ltd, was appointed as Auditor in accordance with section 324AA of the Corporations Act 2001.

ENDLESS SOLAR CORPORATION LIMITED

DIRECTORS' REPORT

Auditors Independence Declaration

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 33 of the annual report.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2018 is provided on the Company's website at www.endless-solar.com.au

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 2018. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. The prescribed details for each person covered by this report are detailed below under the following headings:

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

Key management personnel

Name	Position
Mr. D.H.A. Craig	Director - Executive and Chairman
Mr. C Baring-Gould	Director - Non-Executive
Mr. Steven Wesselink	Director – Executive
Ms. Cathy Lin	Director - Executive/Company Secretary (resigned on 06 August 2018)

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 company'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.

ENDLESS SOLAR CORPORATION LIMITED

DIRECTORS' REPORT

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 2018

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

	Short-term Benefits		Post	Share	Total	Performance related
	Salary	Super.	Employment	based		
	& fees	Contribution	Super.	Payments		
	\$	\$	\$	\$	\$	%
Mr. D.H.A.Craig	-	-	-	-	-	-
Mr. C Baring-Gould	-	-	-	-	-	-
Mr. Steven Wesselink	-	-	-	-	-	-
Ms. C W Lin (resigned on 06 August 2018)	-	-	-	-	-	-
Total					-	-

Shares issued as Part of Remuneration for the Year Ended 30 June 2018

There were no shares issued to directors and executives as part of their remuneration during 2018.

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
Managing Director
Dated: 16 October 2018

ENDLESS SOLAR CORPORATION LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2018 \$	2017 \$
Continuing operations			
Sales Revenue	4	223,495	201,451
Cost of Sales	4	(97,505)	(100,678)
Gross Profit		125,990	100,773
Other income	4	239,403	212,120
Administration expenses		(302,820)	(435,968)
Other expenses		-	(16,922)
Change in fair value of investment	13	294,009	(547,650)
Depreciation and amortisation	4	(4,296)	(5,093)
Finance costs	4	(15,122)	(6,242)
Profit/(Loss) before income tax		337,164	(698,982)
Income tax (expense)/benefit	5	(2,361)	64
Profit/(Loss) for the year		334,803	(698,918)
Other comprehensive income			
Gain/(Loss) on investment revaluation		-	-
Other comprehensive income/(loss) for the year (net of tax)		-	-
Total comprehensive income/(loss) for the year		334,803	(698,918)
Total comprehensive income/(loss) attributable to:			
owners of the parent		334,803	(698,918)
non-controlling interest		-	-
		334,803	(698,918)
There were no discontinued operations during the year.			
Earnings per share (cents) attributable to owners of the Company			
Basic earnings per share	22	0.845	(1.764)
Diluted earnings per share	22	0.845	(1.764)
Dividends per share		-	-

The above Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements

ENDLESS SOLAR CORPORATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	9	2,776	69,413
Trade and other receivables	10	95,000	1,703
Inventories	12	34,402	99,319
Other assets	16	-	-
Total current assets		132,178	170,435
Non-current assets			
Trade and other receivables	10	204,971	189,353
Other financial assets	13	426,467	132,458
Property, plant and equipment	14	32,238	36,531
Intangible assets	15	3,588,821	3,479,099
Deferred tax assets	18	297,155	299,516
Total non-current assets		4,549,652	4,136,957
Total assets		4,681,830	4,307,392
Current liabilities			
Trade and other payables	17	237,892	388,583
Provisions	19	21,613	21,613
Total current liabilities		259,505	410,196
Non-current liabilities			
Borrowings	11	1,377,942	1,187,616
Total non-current liabilities		1,377,942	1,187,616
Total liabilities		1,637,447	1,597,812
Net assets		3,044,383	2,709,580
Equity			
Issued Capital	20	2,278,627	2,278,627
Capital Development Reserve		265,812	265,812
Retained earnings/(Accumulated losses)		499,944	165,141
Total equity		3,044,383	2,709,580

The above Consolidated Balance Sheet is to be read in conjunction with the accompanying notes to the financial statements

ENDLESS SOLAR CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	<u>Contributed equity</u>	<u>Reserves</u>		
	Issued capital \$	Retained Earnings \$	Capital Development Reserve \$	Total equity \$
Balance at 1 July 2016	2,278,627	864,059	265,812	3,408,498
Shares issued during the year	-	-	-	-
Profit/(Loss) for the year	-	(698,918)	-	(698,918)
Balance at 30 June 2017	2,278,627	165,141	265,812	2,709,580
Shares issued during the year	-	-	-	-
Profit/(Loss) for the year	-	334,803	-	334,803
Balance at 30 June 2018	2,278,627	499,944	265,812	3,044,383

The above Consolidated Statement of Changes In Equity is to be read in conjunction with the accompanying notes to the financial statements.

ENDLESS SOLAR CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
Operating activities			
Receipts from customers		125,998	155,780
Payments to suppliers and employees		(492,727)	(412,915)
Interest received		34	6,114
Government grant received		239,403	212,120
Income taxes paid		(19,949)	-
Net cash inflow / (outflow) from operating activities	24	(147,241)	(38,901)
Investing activities			
Payment for Research & Development activities		(52,839)	(337,728)
Payment for patents		(56,882)	(31,977)
Net cash outflow from investing activities		(109,721)	(369,705)
Financing activities			
Net proceeds from borrowings		190,325	476,401
Net cash inflow / (outflow) from financing activities		190,325	476,401
Net increase / (decrease) in cash and cash equivalents		(66,637)	67,795
Cash and cash equivalents held at the beginning of the financial period		69,413	1,618
Cash and cash equivalents at the end of the financial period	9	2,776	69,413

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes to the financial statements.

ENDLESS SOLAR CORPORATION LIMITED CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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.

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2017. Information on the more significant standard(s) is presented below.

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

AASB 2016-1 is applicable to annual reporting periods beginning on or after 1 January 2017.

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

AASB 2016-2 is applicable to annual reporting periods beginning on or after 1 January 2017.

AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash Generating Specialised Assets of Not-for-Profit Entities

This Standard amends AASB 136 Impairment of Assets to:

- remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities; and
- clarify that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that:

AASB 136 does not apply to such assets that are regularly revalued to fair value under the revaluation model in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets; and

AASB 136 applies to such assets accounted for under the cost model in AASB 116 and AASB 138

AASB 2016-4 is applicable to annual reporting periods beginning on or after 1 January 2017.

The adoption of these standards has not had a material impact on the company.

At the date of authorisation of the financial statements, the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment

AASB 9 Financial Instruments Effective for annual reporting periods beginning on or after 1/01/2018

This standard principally addresses the classification, measurement and recognition approaches for the financial assets and liabilities.

The Company has early adopted AASB 9 Financial Instruments and reclassified its available for sales assets to financial assets - fair value through profit or loss. This has resulted in the transfer of \$245,735 of revaluation reserve to retained earnings in prior year comparatives.

AASB 15 Revenue from Contracts with Customers Effective for annual reporting periods beginning on or after 1/01/2018

AASB 16 Leases Effective for annual reporting periods beginning on or after 1/01/2018

The company has not applied the new standards on AASB 15 and AASB 16 and the directors do not anticipate that the application of these standards will have a material impact on the Company's financial statements.

ENDLESS SOLAR CORPORATION LIMITED CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretation, and comply with other requirements of the law. Endless Solar Corporation Ltd is the parent company.

Separate financial statements of the parent entity (Endless Solar Corporation Ltd) have not been presented within this Financial Report, as permitted by the Corporations Act 2001.

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

The Group financial statements consolidate those of the Parent Company and its active subsidiary, Endless Solar Operations Pty Ltd as of 30 June 2018. The controlled entities disclosed at Note 28 have not been consolidated as they were dormant throughout the current and prior financial periods except for Endless Solar Operations Pty Ltd which is currently trading.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

ENDLESS SOLAR CORPORATION LIMITED CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(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.

A director of the company has also issued a letter of financial support to the company for a period in excess of 12 months from the signing of the financial statements.

(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 company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(f) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's Accounting Policy.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

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Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are contingent consideration that may be paid by an acquirer as part of a business combination to which AASB 3: Business Combinations applies, held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount included in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned from the financial asset and is included in the face of the statement of profit and loss and other comprehensive income.

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 subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies is classified as a financial liability and measured at fair value through profit or loss.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

ENDLESS SOLAR CORPORATION LIMITED CONTROLLED ENTITIES
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For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(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.

(h) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method. The equity method of accounting recognised group's share of post-acquisition reserves of its associates. Refer to accounting policies (c) Basis of consolidation: the controlled entities disclosed at Note 28 have not been consolidated as they were dormant throughout the current and prior financial periods.

(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.

ENDLESS SOLAR CORPORATION LIMITED CONTROLLED ENTITIES
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(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).

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Research and Development tax offset is classified as Government grants and recognised in the Profit and Loss account when the grants are received by the Group.

(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. Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

(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) Intangible assets

Internally-generated intangible assets - research and development expenditure

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

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

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

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

Intangible assets acquired in a business combination

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

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

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

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

ENDLESS SOLAR CORPORATION LIMITED CONTROLLED ENTITIES
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When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

(p) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(q) Inventories

Inventories are measured at the lower of cost and net realisable value.

(r) Comparative Figures

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

(s) Critical accounting judgements, estimates and assumptions

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.

Refer to Note 3(n) and (o) for the critical accounting judgement, estimates and assumptions on valuation of intangibles and impairment of assets.

ENDLESS SOLAR CORPORATION LIMITED
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	2018	2017
	\$	\$
4 Profit for the year		
(a) Revenue from continuing operations		
<u>Sales revenue</u>		
Sale of Goods	180,261	187,417
<u>Other revenue</u>		
- interest received	34	6,114
- rental revenue	43,200	7,920
Total sales revenue and other revenue	223,495	201,451
<u>Other income</u>		
- Research and Development Tax Subsidies	239,403	212,120
Total other income	239,403	212,120
Total revenue and other income from continuing operations	462,898	413,571
(b) Expenses		
<i>Profit before tax includes the following specific expenses:</i>		
Cost of sales	97,505	100,678
Depreciation - Motor Vehicle	926	1,059
Depreciation - Furniture and fittings	159	187
Depreciation - Plant & Equipment	887	1,084
Depreciation - Computer Equipment and Software	627	977
Depreciation - Leasing plant and equipment	1,697	1,786
Total depreciation	4,296	5,093
Finance costs - Interest on outstanding tax	15,122	6,242
Employee benefits expense:		
Defined contribution plans	-	15,058
Total employee benefits expense	-	15,058
Rental expenses on operating leases	163,638	173,824
Directors and officer's fee	-	-
Write-down of inventories to net realisable value	-	16,922
Bad and doubtful debts: - trade receivables	(372)	4,306

Employee Benefits Expense

Employer contributions to defined contribution superannuation plans are recognised as an details on provisions for employee benefits and details of share-based payments.

ENDLESS SOLAR CORPORATION LIMITED
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Write-down of Inventories

Included in cost of goods sold in the Consolidated Statement of Profit and Loss and Other Comprehensive Income. Refer to Note 12 for details.

Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the lease items, are included in the determination of profit or loss in equal instalments over the period of the lease.

	2018	2017
	\$	\$
5 Income Tax Expense		
(a) The components of tax expense comprise:		
Current tax	-	(250,553)
Deferred tax	2,361	246,459
Adjustment for change in income tax rate From 28.5% to 27.5%	-	4,030
	2,361	(64)

(b) Prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

The prima facie tax expense (benefit) on the loss from ordinary activities before income tax at rate of 27.5%	92,720	(192,220)
Add back Non taxable R&D tax subsidies	(65,836)	(58,333)
Deferred income tax related to origination and reversal of deferred taxes	(24,524)	246,459
Adjustment to deferred tax benefit from change in income tax rate	-	4,030
Income tax (expense)/benefit	2,361	(64)

6 KEY MANAGEMENT PERSONNEL COMPENSATION

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

Remuneration	-	22,727
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Refer details to remuneration report and Note 25: Related Party Transactions.

For details of loans KMP, refer to Note 10: Trade and Other Receivables and Note 11: Borrowings

7 AUDITORS' REMUNERATION

Remuneration of the auditor of the parent entity for:

- auditing or reviewing the accounts	31,619	24,600
- other services	-	-
	31,619	24,600

ENDLESS SOLAR CORPORATION LIMITED
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	2018 \$	2017 \$
8 DIVIDENDS		
(a) No dividends were paid or declared during the financial year or during the	-	-
(b) Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.	206,951	206,951
9 CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	2,776	69,413
	2,776	69,413
10 Trade and other receivables		
CURRENT		
Trade receivables	95,000	1,703
	95,000	1,703
Trade receivables of \$95,000 is due from a related party with a common director for the sales and installation of Solar hot water systems. The transaction is recorded on normal commercial terms and conditions.		
NON-CURRENT		
Rental bond	69,891	72,858
Amounts receivable from related parties	135,080	116,495
	204,971	189,353
Trade receivables of \$135,080 is due from related parties with a common director.		
11 Borrowings		
Unsecured – at cost		
Loan from directors	1,377,942	1,187,616
	1,377,942	1,187,616
A director has contributed this amount into The Group as a unsecured loan with the view that the loan could be converted into equity subject to shareholders' approval at an annual general meeting.		
12 Inventories		
Solar hot water systems and parts at the lower of cost and net realisable value	34,402	99,319
	34,402	99,319

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	2018	2017
	\$	\$
13 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.		
Financial assets at fair value - Balance at 1 July 2017	132,458	680,108
Additions	-	-
Fair value adjustments	294,009	(547,650)
Financial assets at fair value - Balance at 30 June 2018	426,467	132,458
Financial assets at fair value comprise investments in the ordinary issued capital of various entities. Consistent with Australian Accounting Standard AASB 139 Financial Instruments: Recognition and Measurement, upon initial recognition it was designated by the entity as at fair value through profit or loss. There are no fixed returns or fixed maturity date attached to these investments. Listed financial assets at fair value are based on Level 1 and 2 inputs to the fair value measurements as described below. Unlisted financial assets are based on Level 2 and 3 inputs to the fair value measurements which are described as follows:		
<ul style="list-style-type: none"> 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. 		
(b) Shares in listed corporation: Authorised Investment Fund Ltd		
Percentage owned 3.69% (30 June 2017: 3.69%).		
Investment at cost	338,467	338,467
Less: fair value adjustment	(23,600)	(338,467)
	314,867	-
Shares in other corporations include: Shareholding in Speedpanels Australia Ltd, a manufacturer of fire and acoustic rated walls. (Percentage owned 1.7% (30 June 2017: 1.7%).		
Investment at cost	266,400	266,400
Less: fair value adjustment	(266,400)	(266,400)
	-	-
Speedpanels Australia Ltd was placed into administration in March 2017.		
Shareholding in Plumbers Federation Limited, a funding company. (Percentage owned 60% (30 June 2017: 60%))		
Investment at cost	265,000	265,000
Fair value adjustment	(153,400)	(132,542)
	111,600	132,458
Total	426,467	132,458

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	2018	2017
	\$	\$
14 Property, Plant and Equipment		
<u>Furniture and fittings</u>		
At cost	3,912	3,912
Accumulated depreciation	(3,276)	(3,117)
	636	795
<u>Computer Equipment and Software</u>		
At cost	54,298	54,298
Accumulated depreciation	(53,670)	(53,043)
	628	1,255
<u>Equipment</u>		
At cost	19,711	19,711
Accumulated depreciation	(17,002)	(16,116)
	2,709	3,595
<u>Motor Vehicle</u>		
At cost	28,182	28,181
Accumulated depreciation	(23,661)	(22,735)
	4,521	5,446
<u>Leasing plant and equipment</u>		
At cost	39,185	39,185
Accumulated depreciation	(15,441)	(13,745)
	23,744	25,440
Total plant and equipment	32,238	36,531

15 Intangible Assets

	Research and Development costs	Patent costs	Goodwill	Trademarks and licences	Total
<u>Gross carrying amount</u>					
Balance at 1 July 2017	2,989,321	361,587	121,847	6,344	3,479,099
Addition	52,839	56,883	-	-	109,722
Balance at 30 June 2018	3,042,160	418,470	121,847	6,344	3,588,821
<u>Amortisation and impairment</u>					
Balance at 1 July 2017	-	-	-	-	-
Amortisation	-	-	-	-	-
Balance at 30 June 2018	-	-	-	-	-
Carrying amount 30 June 2018	3,042,160	418,470	121,847	6,344	3,588,821

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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 less non capital cost of \$28,153, 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/R&D and Patent costs

The carrying values of CoolSolar, R&D and Patents are capitalised at historical costs. These capitalised costs have been incurred as part of a process that has now resulted into a 15 patent portfolio that has innovative and commercial potential. Of the 15 patents, 14 have 15 years left to expiry, and one patent has 4 years remaining.

Given that these patents have significant time value to expiry left during which the patent office decisions can come at any time, the Directors were of the view that most optimal approach to their valuations is to hold them, and their associated background R&D at historical costs, which in their belief represents the fair value of the intangible assets. The value of the "CoolSolar" project has been recorded at historical costs.

	2018 \$	2017 \$
16 Other Assets		
CURRENT		
Prepayments	-	-
	-	-
17 Trade and Other Payables		
CURRENT		
Trade and other payable	191,229	252,681
Sundry creditors and amounts payable to related parties	46,663	135,902
	237,892	388,583
Included in the Sundry creditors and amounts payable to related parties is a loan of \$NIL (2017: \$74,654) from an associated company/related party with a common director.		
18 Deferred tax assets		
NON-CURRENT		
Deferred tax assets	297,155	299,516
	297,155	299,516
19 Provisions		
<u>Warranty</u>		
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

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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 2017/2018.

	2018	2017
	\$	\$
20 ISSUED CAPITAL		
1,699,074 fully paid ordinary shares (2017: 1,699,074)	120,666	120,666
37,926,021 fully paid ordinary shares – Limited voting (2017: 37,926,021)	2,157,961	2,157,961
	2,278,627	2,278,627

(a) Ordinary shares	2018	2017	2018	2017
	Number	Number	\$	\$
<u>Ordinary share – full voting</u>				
At the beginning of the reporting period	1,699,074	1,699,074	120,666	120,666
Extra shares issued through Right Issues during the year	-	-	-	-
At reporting date	1,699,074	1,699,074	120,666	120,666
	2018	2017	2018	2017
<u>Ordinary share – limited voting*</u>	Number	Number	\$	\$
At the beginning of the reporting period	37,926,021	37,926,021	2,157,961	2,157,961
Extra shares issued through Right Issues during the year	-	-	-	-
At reporting date	37,926,021	37,926,021	2,157,961	2,157,961

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

(b) Options

<u>Scheme Name</u>	<u>Grant Date</u>	<u>Number of shares under options</u>	<u>Class of shares</u>	<u>Exercise Price</u>	<u>Date of expiry</u>	<u>Opening and Closing Balance</u>
ESC Option Scheme 2	13-Aug-13	10,000,000	Ordinary limited voting	\$0.22	20-Jun-19	10,000,000
Options attached to September 2013 Right Issue shares	28-Sep-13	6,149,337	Ordinary limited voting	\$0.15	31-Jul-18	6,149,337
Options attached to September 2013 Right Issue shares	28-Sep-13	283,179	Ordinary full voting	\$0.15	31-Jul-18	283,179
		16,432,516				16,432,516

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 2018 and prior to the report date. The latest share price per ordinary limited voting share in NSX was \$0.06.

ENDLESS SOLAR CORPORATION LIMITED
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(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.

20 ISSUED CAPITAL

	2018	2017
	\$	\$
The gearing ratios for the year ended 30 June 2018 and 30 June 2017 are as follows:		
Total creditors and borrowings	1,615,834	1,555,299
Less cash and cash equivalents	(2,776)	(69,413)
Net debt	1,613,058	1,485,886
Total equity	3,044,383	2,709,580
Total capital	3,044,383	2,709,580
gearing ratios	53.0%	54.8%

21 Leasing and other commitments

(a) Operating Lease Commitments

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

Expected minimum lease commitment are as follow:

Not longer than 1 year	164,315	164,315
Longer than 1 year and not longer than 5 years	189,368	353,683
Longer than 5 years	-	-
	353,683	517,998

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 subletting of all lease areas.

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

	2018	2017
	¢ per share	¢ per share
22 Earnings per Share		
Basic earnings per share (a)	0.845	(1.764)
Diluted earnings per share	0.845	(1.764)

(a) Basic earnings per share

Earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Earnings	334,803	(698,918)
Weighted average number of ordinary shares (voting and limited voting)	39,625,095	39,625,095

23 SEGMENT INFORMATION

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

ENDLESS SOLAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

24 NOTE TO THE STATEMENT OF CASH FLOW

	2018	2017
	\$	\$
Reconciliation of Cash Flow from ordinary activities after related income tax:		
Profit/(loss) from ordinary activities after related income tax	334,803	(698,918)
Depreciation of property, plant and equipment	4,296	5,093
<i>Change in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(108,917)	(39,559)
(Increase)/decrease in inventories	64,917	34,823
(Increase)/decrease in financial assets	(294,009)	547,600
(Increase)/decrease in other assets	-	10,731
(Increase)/decrease in deferred taxes assets	2,361	(64)
Increase/(decrease) in other liabilities	-	-
Increase/(decrease) in creditors	(150,692)	101,571
Increase/(decrease) in provisions	-	(178)
Net cash inflow / (outflow) from operating activities	(147,241)	(38,901)

25 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 10 refers to trade and other amounts receivable from related parties. Note 6 sets out details of compensation paid to Key Management Personnel, and to Options and Shares held by those dates. Note 17 refers to Sundry creditors and amounts payable to related parties.

26 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 2017.

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

	<u>CARRYING AMOUNT</u>	
	2018	2017
	\$	\$
Financial assets		
Cash and cash equivalents	2,776	69,413
Trade and other receivable	299,971	101,022
Investment assets	426,467	132,458
Total Financial assets	729,214	302,893
Financial liabilities		
Trade and other payables	1,615,834	1,555,299
Total Financial liabilities	1,615,834	1,555,299

ENDLESS SOLAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 directors.

Receivables consist of a related company balance in Australia.

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
	30/06/2018	30/06/2017	
Listed Investment - Authorised investment Fund Ltd	314,867	-	Level 1
Valuation technique(s) and key input(s)			
Quoted prices on the Australia Stock Exchange (ASX)			

ENDLESS SOLAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

26 FINANCIAL INSTRUMENTS

Financial assets / financial liabilities	Fair value as at		Fair value hierarchy
	30/06/2018	30/06/2017	
<u>Unlisted investment</u>			
- Speedpanel	-	-	Level 3
Valuation technique(s) and key input(s)			
The fair value is based on letter from SPA dated 21st March 2017 to advise SPA has been placed in voluntary administration. There is no change in the company's voluntary administration situation at balance date. 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.			
<u>Unlisted investment</u>			
Plumbers Federation Ltd	111,600	132,458	Level 3
Valuation technique(s) and key input(s)			

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.

27 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.

Statement of Financial Position

Assets

	2018 \$	2017 \$
Current assets	367,696	61,965
Non-current assets	5,319,514	5,239,405
Total assets	5,687,210	5,301,370

Liabilities

Current liabilities	175,383	92,334
Non-current liabilities	1,196,070	1,111,000
Total liabilities	1,371,453	1,203,334

Equity

Issued capital	2,278,627	2,278,626
Retained earnings and reserves	1,819,410	2,438,412
Current earnings	217,720	(619,002)
Total equity	4,315,757	4,098,036

Statement of Comprehensive Income

Total Profit/(Loss)	217,720	(619,066)
Total comprehensive Income	217,720	(619,002)

The Parent Entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end. The Parent Entity has no capital commitments at balance sheet date.

ENDLESS SOLAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

28 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 2017 and 2018 financial years, hence are not consolidated for reporting purposes.

	Country of Incorporation	Percentage Owned (%)		Carrying Amount of Investment (\$)	
		2018	2017	2018	2017
<u>Unlisted: (Ordinary shares)</u>				-	-
Endless Solar Operations Pty Ltd	Australia	100	100	100	100
Endless Solar Technology Pty Ltd	Australia	100	100	100	100
Renewable Energy Exchange Pty Ltd	Australia	100	100	2	2
Endless Energy Solutions Pty Ltd	Australia	60	60	600	600
Endless Aqua Pty Ltd	Australia	63	63	25	25
Plumbers Federation Ltd	Australia	60	60	111,600	132,548

29 CONTINGENT LIABILITIES

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

30 Changes in accounting policies - Re-statement of Prior Period Balances

The Company has early adopted AASB 9 Financial Instruments and reclassified its available for sales assets to financial assets - fair value through profit or loss. This has resulted in the transfer of \$245,735 of Investment revaluation reserve to retained earnings in prior year comparatives. The following comparative balances in the Financial Statements were impacted.

Statement of financial position (extract)	Previous amount	Adjustment	30-Jun-17
	\$	\$	\$
Investment Revaluation Reserve	245,735	(245,735)	-
Retained Earnings	(80,594)	245,735	165,141

ENDLESS SOLAR CORPORATION LIMITED
DIRECTORS' DECLARATION

The directors of Endless Solar Corporation Limited declare that:

1. the consolidated financial statements and notes, as set out on pages 9 to 31, are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2018 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 consolidated financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the consolidated 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 to pay its debts as when they become due and payable.

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



David Craig
Director

Dated: 16 October 2018

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 30/6/2018			
	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 Super>	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	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
Total Top 20		88.81%	33,690,663
Total - All Shareholders		100.00%	37,926,021

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Endless Solar Corporation Limited,

In accordance with section 307C of the Corporations Act 2001, we are pleased to provide the following declaration of independence.

As lead auditor for the audit of the financial statements of Endless Solar Corporation Limited for the financial year ended 30 June 2018, we declare that, to the best of our knowledge and belief, there have been no contraventions of:

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

Dated at Frankston on the 16 October 2018



SHEPARD WEBSTER & O'NEILL AUDIT PTY LTD

Certified Practising Accountant

Authorised Audit Company No 415478

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Email – szepfalusy@shepard.com.au



DAVID A SZEPFALUSY
DIRECTOR

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ENDLESS SOLAR CORPORATION LIMITED
A.B.N 51 122 708 061**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Endless Solar Corporation Limited (the "Company"), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

In our opinion:

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

Basis for Opinion

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

We 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENDLESS SOLAR CORPORATION LIMITED A.B.N 51 122 708 061

Other Matter

The financial report of Endless Solar Corporation Limited for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report on the 29th of September 2017.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2018. These matters were addressed in the context of our audit of the financial report, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Valuation of Intangibles – Research and Development Costs</p> <p>Research and development into the cool solar project have totalled \$3,042,160 at 30 June 2018. This project is still in the development phase.</p> <p>See Note 15 in the financial statements.</p>	<p>Our procedures have been:</p> <ul style="list-style-type: none"> Evaluate the historical cost method Compare the requirements with AASB 136 and whether the project is still in the 'Development' phase Assess whether impairment is necessary Inquire as to the basis of assessment of fair value and examine the reasonableness of underlying assumptions.
<p>Loans from Associates</p> <p>Endless Solar Corporation has obtained loans from associates of \$1,377,942 as at 30 June 2018.</p> <p>The loans have been used to finance trading of operations and provide assistance in operating as a going concern.</p> <p>See Note 11 in the financial statements.</p>	<p>Our procedures have been:</p> <ul style="list-style-type: none"> To obtain 3rd party confirmation of these loans as at 30 June 2018 To identify that the loan confirmation letters have made reference to the associate's continuation of support by not calling on the loans for repayment of any part, if they were to jeopardise the ability of the company to continue to trade or meet its other liabilities as and when they fall due.
<p>Existence and Valuation of Investments</p> <p>Endless Solar Corporation Ltd's investment in listed and unlisted companies equates to \$426,467 at 30 June 2018.</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>See Note 13 in the financial statements.</p>	<p>Our procedures have been:</p> <ul style="list-style-type: none"> Recalculate the fair value of investments based on market prices Agree the investment holdings at 30 June 2018 to registers Agree the fair value of unlisted investments, including impairment, by assessing and examining documentation available publicly.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ENDLESS SOLAR CORPORATION LIMITED
A.B.N 51 122 708 061**

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

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Directors are responsible for assessing the ability of the Company 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ENDLESS SOLAR CORPORATION LIMITED
A.B.N 51 122 708 061**

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ENDLESS SOLAR CORPORATION LIMITED
A.B.N 51 122 708 061**

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in pages 7 to 8 of the Directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Endless Solar Corporation Limited, for the year ended 30 June 2018, complies with s 300A of the *Corporations Act 2001*.

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*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Dated at Frankston on the 16 October 2018



SHEPARD WEBSTER & O'NEILL AUDIT PTY LTD

Certified Practising Accountant

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**DAVID A SZEPPFALUSY
DIRECTOR**

