CO2 Australia Limited

ABN 81 102 990 803

Annual Report
for the year ended 30 June 2020

CO2 Australia Limited

ABN 81 102 990 803

Annual Report - 30 June 2020

Directors	Ian Trahar B.Ec, MBA *Executive Chairman*
	Dr Christopher Mitchell PhD, BSc (Hons), GAICD *Executive Director*
	Aaron Soanes *Executive Director*
	Ian Leijer (appointed 03/03/2020) *Executive Director*
Secretary	Harley Whitcombe Company Secretary
Principal registered office in Australia	Level 11, 225 St Georges Terrace Perth, Western Australia 6000 Telephone No: (08) 9216 5200 Facsimile No: (08) 9216 5199
Share registry	Computershare Investor Services Pty Limited GPO Box D182 Perth, Western Australia 6000 Telephone No: (08) 9323 2000 Facsimile No: (08) 9323 2033
Auditor	Deloitte Touche Tohmatsu Chartered Accountants 123 St Georges Terrace Perth WA 6000
Bankers	HSBC Bank Australia Limited 190 St Georges Terrace Perth, Western Australia 6000
	Australia and New Zealand Banking Group Limited 77 St Georges Terrace Perth WA 6000
Website	https://www.co2australia.com.au/

Directors' report

The Directors present their report together with the financial statements of CO2 Australia Limited consisting of CO2 Australia Limited and the entities it controlled at the end of or during the year ended 30 June 2020 (referred to hereafter as CO2 Australia or the Group).

Directors

The following persons were Directors of CO2 Australia Limited during the whole of the financial period and up to the date of this report:

Ian Trahar
Dr Christopher Mitchell
Aaron Soanes

Ian Leijer (appointed 03/03/2020)

Principal activities

The Group's principal continuing activities during the year consisted of the provision of environmental services (advisory in ecosystem offsets and carbon farming projects), and trading environmental credits.

Review of operations

The Group has reported a loss for the year after taxation of $353,293 (2019: profit after tax $9,104,528).

CO2 Australia continued to deliver advisory, land management and carbon services. Performance was as expected during the year.

CO2 Australia successfully managed the production of Australian Carbon Credit Units (ACCU) from its Emissions Reduction Fund (ERF) long-term Carbon Abatement Contracts (CACs) with the Australian Government. These ACCU producing projects are from a series of eligible ERF projects across a diverse range of emission sequestration and management activities. This builds on an existing set of multi-decade carbon service contracts with large clients, providing long-term revenue certainty for the company.

The company continues to lead the advisory and approvals component of Project Sea Dragon’s environmental impact assessments. This work continues to significantly strengthened CO2 Australia’s capabilities and is generating valuable IP that can be applied in other projects.

Other

CO2 Australia’s team of environmental professionals continues to extend its range of service offerings, with a substantive expansion in the variety of engagements secured within the environmental services sector. The company continues to secure repeat business from its blue-chip client base and to attract new customers for its service offering.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial period were as follows:

CO2 Australia became the first company in the sector to attain carbon emissions neutrality. Organisation-wide carbon emissions neutrality was certified under the Commonwealth Government’s backed Climate Active.

Drought conditions encountered across nation led to some replanting and forest re-establishment work. These costly operations had a significant impact on expenditure levels.

There was a considerable increase in ACCU production from the ERF management projects as the carbon avoidance volumes matured. Resultantly CO2 Australia's landholder clients saw an increase in their ACCU production revenue. Translating to higher transactional activity for CO2 Australia.

Matters subsequent to the end of the financial year

No matter or circumstance has occurred subsequent to 30 June 2020 that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

Likely developments and expected results of operations

There continues to be strong interest from corporations of the industrial, energy and retail sectors of the Australian economy in project offerings in the carbon sequestration and land based emissions avoidance sector. The company will continue investigating further partnerships with Australian state and federal governments for the supply of carbon sequestration projects. CO2 Australia will carefully maintain the established planting estate through challenging climatic conditions throughout Australia. Biodiversity offset operations will continue and the company is expecting a lift in interest as the NSW system of offsetting continues to mature. The environmental consulting part of CO2 Australia will continue to develop. The higher level of interest in the development of carbon sequestration projects should be converted by CO2 Australia into a higher return on funds deployed over the 2020 - 2021 financial year.

Information on directors

Ian Trahar B.Ec, MBA. *Executive Chairman (since 28 November 2002)*

Experience and expertise
Mr Trahar has a resource and finance background. He is a director and significant shareholder of Avatar Industries Pty Ltd, an unlisted private company. Ian is a member of the Australian Institute of Company Directors.

Other current directorships
Executive director of Seafarms Group Limited

Former directorships in last 3 years
None.

Interests in shares
453,391,227 shares in CO2 Australia Limited.

Dr Christopher Mitchell PhD, BSc (Hons), GAICD. *Executive Director (since 21 January 2014)*

Experience and expertise
Dr Mitchell has a PhD in biology from the University of Melbourne, is a graduate of the Australian Institute of Company Directors and has a 20 year involvement in Australian and international climate change research. He is an Adjunct Professor at the School of Environmental Science Murdoch University and a member of the Community and Industry Advisory Board of the University of Melbourne's Office of Environmental Programs. Prior to joining the Group full time Dr Mitchell was Foundation Director of the Centre for Australian Weather and Climate Research, a partnership between CSIRO and the Bureau of Meteorology, and was CEO of the Cooperative Research Centre for Greenhouse Accounting. He chaired the Victorian Climate Change Minister’s Reference Council on Climate Change Adaptation and was on the CSIRO’s Environment and Natural Resources Sector Advisory Committee.

Other current directorships
Executive director of Seafarms Group Limited

Former directorships in last 3 years
None.

Interests in shares
10,993,936 ordinary shares in CO2 Australia Limited.

Information on directors (continued)

Aaron Soanes B Sc (Forestry) *Executive Director (since 20 November 2007), CEO (since 22 October 2018)*

Experience and expertise
Mr Aaron Soanes has more than 25 years' experience in the commercial natural resource management sector. Working in government and private enterprises, in public and private companies across most Australian States. Aaron also served as a non-executive director of the then Wagga Mutual Credit Union from 2008 to 2011.

Other current directorships
None

Former directorships in last 3 years
None.

Interests in shares
1,674,925 ordinary shares in CO2 Australia Limited.

Ian Leijer *Non-Executive Director (since 3 March 2020)*

Experience and expertise
Ian is a Chartered Accountant with over 25 years' experience in financial analysis, corporate transactions, business strategy and business management.

Other current directorships
Change Financial Limited

Former directorships in last 3 years
None

Interests in shares
9,460,623 ordinary shares in CO2 Australia Limited.

Information on directors (continued)

Harley Whitcombe *Company Secretary (since 28 November 2002)*

Experience and expertise
Mr Whitcombe has had many years' commercial and finance experience, providing company secretarial services to publicly listed companies.

Other current directorships
Executive director of Seafarms Group Limited

Former directorships in last 3 years
None.

Special responsibilities
Chief Financial Officer & Company Secretary of CO2 Australia Limited.

Interests in shares
18,048,259 ordinary shares in CO2 Australia Limited.

Insurance of officers

(a) Insurance of officers

During the financial year, the Group paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Mr H R Whitcombe, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined at note 22 to the financial statements.

Dividends - CO2 Australia Limited

The Directors of CO2 Australia Limited do not recommend the payment of a dividend for the year ending 30 June 2020 (2019: Nil).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2) of the *Corporations Act 2001.*

Perth
26 November 2020

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
CO2 Australia Limited
Level 11, 225 St Georges Terrace
Perth, WA 6000

26 November 2020

Dear Board Members

Auditor's Independence Declaration to CO2 Australia Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of CO2 Australia Limited.

As lead audit partner for the audit of the financial statements of CO2 Australia Limited for the financial year ended 30 June 2020, I declare that to the best of my 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants
Perth, 26 November 2020

CO2 Australia Limited ABN 81 102 990 803
Financial statements - 30 June 2020

These financial statements are the consolidated financial statements of the consolidated entity consisting of CO2 Australia Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Registered postal address is:

PO Box 7312
Cloisters Square WA 6850

CO2 Australia Limited is a Company limited by shares, incorporated and domiciled in Australia.

Its registered office is:
Level 11, 225 St Georges Terrace
Perth, Western Australia 6000

Its principal place of business is:
CO2 Australia Limited
Level 11, 225 St Georges Terrace
Perth Western Australia 6000

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on page 3, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 26 November 2020.

For queries in relation to our reporting please call 08 9216 5200 or e-mail *questions@seafarms.com.au.*

All press releases, financial reports and other information are available at our Shareholders' Centre on our website: https://www.co2australia.com.au/.

	Notes	Consolidated **30 June 2020** **$**	 30 June 2019 $
Revenue from continuing operations	5	**6,956,706**	7,216,886
Other gains / (losses)	6	**-**	8,227,702
Finance costs		**(38,900)**	(2,205)
Cost of goods sold	7	**(1,807,314)**	(382,439)
Plantation costs		**(1,658,792)**	(1,540,546)
Employee benefits expense	7	**(1,663,406)**	(1,824,344)
Consulting expense		**(63,340)**	(47,383)
Depreciation and amortisation expense	7	**(480,308)**	(210,167)
Marketing		**(767)**	(1,613)
Insurance		**(130,472)**	(97,252)
Research and development	7	**(849,028)**	(977,319)
Other expenses		**(317,040)**	(457,749)
Operating leases		**(28,717)**	(172,596)
Share of (loss) / profit from associate	26	**(86,410)**	(108,797)
(Loss) / profit before income tax		**(167,788)**	9,622,178
Income tax (expense) / benefit	8	**(185,505)**	(517,650)
(Loss) / profit for the year		**(353,293)**	9,104,528

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

	Consolidated	
	30 June 2020 $	30 June 2019 $
(Loss) / profit for the year	**(353,293)**	9,104,528
Other comprehensive income		
Total comprehensive (loss) / profit for the year is attributable to:		
Owners of CO2 Australia Limited	**(353,293)**	9,104,528

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	Consolidated 30 June 2020 $	Consolidated 30 June 2019 $
ASSETS			
Current assets			
Cash and cash equivalents	9	**680,448**	1,513,603
Trade and other receivables	10	**674,458**	949,670
Other current assets	11	**244,181**	155,536
Accrued income	12	**1,022,971**	817,378
Total current assets		**2,622,058**	3,436,187
Non-current assets			
Inventories	13	**184,923**	184,923
Investments accounted for using the equity method	26	**153,294**	239,704
Property, plant and equipment	14	**1,081,208**	892,828
Intangible assets	15	**1,165,917**	1,188,878
Other non-current assets		**-**	-
Total non-current assets		**2,585,342**	2,506,333
Total assets		**5,207,400**	5,942,520
LIABILITIES			
Current liabilities			
Trade and other payables	16	**974,414**	742,696
Current tax liabilities		**213,555**	304,435
Provisions	17	**310,162**	283,528
Deferred revenue	18	**569,957**	1,553,283
Lease liabilities		**236,298**	25,057
Total current liabilities		**2,304,386**	2,908,999
Non-current liabilities			
Deferred tax liabilities	19	**328,752**	209,966
Provisions	20	**47,735**	8,905
Lease liabilities		**65,170**	-
Total non-current liabilities		**441,657**	218,871
Total liabilities		**2,746,043**	3,127,870
Net assets		**2,461,357**	2,814,650
EQUITY			
Retained earnings		**2,461,357**	2,814,650
Total equity		**2,461,357**	2,814,650

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated	Notes	**Retained Earnings $**	**Total equity $**
Balance at 1 July 2018		(99,920)	(99,920)
Adjustment on correction of error (net of tax)		(162,678)	(162,678)
Total equity at the beginning of the financial period		**(262,598)**	**(262,598)**
Profit for the year		9,104,528	9,104,528
Total comprehensive income for the year		**9,104,528**	**9,104,528**
Transactions with owners in their capacity as owners:			
Acquisition of subsidiaries		(3,403,308)	(3,403,308)
De-merger of Carbon Entities from Seafarms Group		(2,623,972)	(2,623,972)
		(6,027,280)	(6,027,280)
Balance at 30 June 2019		**2,814,650**	**2,814,650**
Balance at 1 July 2019		2,814,650	2,814,650
Loss for the year		(353,293)	(353,293)
Total comprehensive loss for the year		**(353,293)**	**(353,293)**
Transactions with owners in their capacity as owners:			
		-	-
Balance at 30 June 2020		**2,461,357**	**2,461,357**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	Consolidated 30 June 2020 $	30 June 2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**6,042,999**	6,539,226
Payments to suppliers and employees (inclusive of goods and services tax)		**(6,371,250)**	(5,606,692)
		(328,251)	932,534
Interest paid		**(3,047)**	(2,205)
Income taxes (paid) / refunded		**(157,599)**	57,249
Net cash (outflow) / inflow from operating activities	28	**(488,897)**	987,578
Cash flows from investing activities			
Net purchase of property, plant and equipment		**(3,700)**	(369,668)
Net cash outflow from investing activities		**(3,700)**	(369,668)
Cash flows from financing activities			
Payment of borrowings		**(340,558)**	(49,339)
Net cash outflow from financing activities		**(340,558)**	(49,339)
Net (decrease) / increase in cash and cash equivalents		**(833,155)**	568,571
Cash and cash equivalents at the beginning of the period		**1,513,603**	945,032
Cash and cash equivalents at end of period	9	**680,448**	1,513,603

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

1 Summary of significant accounting policies

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with the other requirements of the law.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by IASB.

(b) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis. All amounts are presented in Australian dollars, unless otherwise noted.

The principal accounting policies are set out below.

Application of new and revised accounting standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current financial year.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

(i) AASB 16 Leases

The Group has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting period. as permitted under the specific transitional provisions in the standard. The comparative information continues to be presented under AASB 117 *Leases*. The reclassification and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statements of financial position on 1 July 2019. Details of the impact of adopting this standard can be seen in Note 2.

Impact of changes to Australian Accounting Standards and Interpretations

(i) Other new accounting standards

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2014-10 *Amendments to Australian Accounting Standards: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture;*
- AASB 2017-1 *Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments;*
- AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*; and
- AASB Interpretation 23 *Uncertainty Over Income Tax Treatments*, AASB 2017-4 *Amendments to Australian Accounting Standards - Uncertainty over Income Tax Treatments.*

(c) Going concern

These financial statements have been prepared on the going concern basis of accounting, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

At 30 June 2020, the Group had net current assets of $317,671 (2019: $527,188), including $680,448 cash and cash equivalents (2019: $1,513,603). For the year ended 30 June 2020, the Group incurred an operating cash outflow of $488,897 (2019: cash inflow $987,578) and a net loss after tax for the year of $353,294 (2019: profit $9,104,528).

1 Summary of significant accounting policies (continued)

The Group continually monitors cash flow requirements to ensure that it has sufficient funds to meet its contractual commitments and non discretionary corporate overheads and adjusts its spending accordingly.

The Directors believe that the Group's existing cash balances, combined with expected cash inflows from the Group's operations, will be sufficient to enable the Group to realise its assets and settle its liabilities and commitments in the normal course of business at the amounts stated in the financial report.

(d) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of CO2 Australia Limited ('Company' or 'Parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. CO2 Australia Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(g).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

1 Summary of significant accounting policies (continued)

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of CO2 Australia Limited.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(e) Revenue recognition

(i) Project development fees and carbon sink project management fees

Carbon sink project revenue is recognised in proportion to the work performed in relation to the product development and the various stages of completion of the carbon sinks. Work performed that has not been invoiced is recognised as revenue with a corresponding asset recorded on the balance sheet as accrued income. If payment has been received in excess of the stage of completion of the project, the liability is recognised in deferred income.

Management related income is recognised on an accrual basis in accordance with the substance of the relevant contract.

(ii) Sale of environmental credits

Revenue from the sale of environmental credits is recognised when the Group has transferred to the buyer control of the environmental credits.

(iii) Fee for services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;

1 Summary of significant accounting policies (continued)

(iii) Fee for services (continued)

- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

(f) Income tax

The income tax expense or benefit for the period is the tax payable or recoverable on the current period's taxable income based on the income tax rate that has been enacted or substantially enacted by the balance sheet date adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(i) Tax consolidation legislation

CO2 Australia Limited, the ultimate parent of the Group, has adopted tax consolidation legislation to enable it to lodge one tax return in respect of the Group. CO2 Australia Limited has completed the necessary administrative formalities to enable this legislation, including the completion of tax funding and sharing agreements.

The head entity, CO2 Australia Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, CO2 Australia Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

(g) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

1 Summary of significant accounting policies (continued)

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Transaction costs associated with business combinations (excluding the costs of issuing equity instruments or raising new borrowings) are expensed as incurred.

(h) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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 the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

(j) Inventories

Inventory is stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The Group's asset development activities involve the development and management of carbon sinks under contract to third parties. It also involves the acquisition of forestry rights and other assets which are held to offer for resale to third parties.

(k) Investments and other financial assets

Investments

Investments are initially recorded at cost or fair value. Individual investments are assessed for any impairment in value.

Financial instruments

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- Those to be measured at amortised cost.

1 Summary of significant accounting policies (continued)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has applied AASB 9 prospectively. There is no material impact from the adoption of the standard. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

1 Summary of significant accounting policies (continued)

(l) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. For carbon sinks held by the Group the economic benefits from the asset are consumed in a pattern which is linked to the production level of carbon credits. Such assets are depreciated on a unit of production basis. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Freehold buildings	10 - 50 years
- Plant and equipment	2 - 15 years
- Leasehold improvements	Length of lease
- Leased plant and equipment	Length of lease
- Carbon sinks	30 - 50 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(m) Intangible assets

(i) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight line basis over its useful life.

(ii) Other intangible assets

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

(n) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 45 days of recognition of the liability.

Due to the short-term nature of trade and other payables, their carrying amount approximates to fair value.

1 Summary of significant accounting policies (continued)

(o) Borrowings

Borrowings are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

(p) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(s) Parent entity financial information

The financial information for the Parent entity, CO2 Australia Limited, disclosed in note 30 has been prepared on the same basis as the consolidated financial statements, except as set out below.

1 Summary of significant accounting policies (continued)

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of CO2 Australia Limited. Dividends received from associates are recognised in the Parent entity's profit or loss when its right to receive the dividend is established.

(ii) Tax consolidation legislation

CO2 Australia Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in note 1(f).

(iii) Financial guarantees

Where the Parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

2 Changes in accounting policies

This note explains the impact of the adoption of AASB 16 *Leases* on the Group’s financial statements and discloses the new accounting policies that have been applied from 1 July 2019 in note 2(b) below.

The Group has adopted AASB 16 *Leases* retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 July 2019.

(i) Adjustments recognised on adoption of AASB 16 Leases

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.645% (building and plant & equipment leases) and 12.69% (motor vehicle leases).

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date. This resulted in measurement adjustments of $573,846 for variable lease payments based on the incremental borrowing rate of 3.645% (building and plant & equipment leases) and 12.69% (motor vehicle leases). The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of application.

	2019 $
Operating lease commitments disclosed as at 30 June 2019	307,619
Leases recognised out of commitments	217,343
New / additional leases recorded on 1 July 2019	331,446
Add: finance lease liabilities recognised as at 30 June 2019	25,057
Lease liability recognised as at 1 July 2019	**573,846**
Of which are:	
Current lease liabilities	272,378
Non-current lease liabilities	301,468
	573,846

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 30 June 2019.

2 Changes in accounting policies (continued)

(i) Adjustments recognised on adoption of AASB 16 Leases (continued)

The recognised right-of-use assets relate to the following type of assets:

	30 June 2020 $	1 July 2019 $
Properties (excluding make good provisions)	188,366	307,021
Equipment	27,862	34,783
Motor vehicles	84,425	232,042
Total right-of-use assets (excluding make good provisions)	**300,653**	**573,846**
Properties (make good provsions)	24,810	-
Total right-of-use assets (including make good provisions)	325,463	573,846

(ii) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(iii) The Group's leasing activities and how they are accounted for

The Group lease various property, equipment and motor vehicles. Rental contracts are typically made for fixed term periods of 1 to 4 years but may have extension options which remain unexercised. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising form a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- the exercise price of a purchase option if the lessee is reasonably certain to exercise the option.

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and

2 Changes in accounting policies (continued)

(iii) The Group's leasing activities and how they are accounted for (continued)

- restoration costs.

3 Financial risk management

The Group's activities may expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures, as management considers this unnecessary given the nature and size of the Group's operations.

	Consolidated	
	30 June 2020 $	30 June 2019 $
Financial assets		
Cash and cash equivalents	**680,448**	1,513,603
Receivables and loans	**722,775**	949,868
Fair value through profit or loss	**32,215**	29,797
	1,435,438	2,493,268
Financial liabilities		
Amortised cost	**1,489,437**	1,072,188
	1,489,437	1,072,188

(a) Market risk

(i) Cash flow and fair value interest rate risk

As at the end of the reporting period, the Group had the following variable rate deposits:

Consolidated	**30 June 2020**		30 June 2019	
	Weighted average interest rate %	**Balance $**	Weighted average interest rate %	Balance $
Deposits at call	**.6%**	**53,500**	1.7%	53,500
Bank accounts	**-%**	**626,948**	-%	1,460,103
Net exposure to cash flow interest rate risk		**53,500**		53,500

Sensitivity

Management has assessed that the sensitivity of the profit or loss to higher/lower interest rates applied to cash and cash equivalents as being immaterial.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties. The Group measures credit risk on a fair value basis.

3 Financial risk management (continued)

(i) Risk management

Trade accounts receivable consist mainly of a small number of large enterprises which have individual contracts for the management of carbon sinks, and the government for re-vegetation projects (eg the 20 million trees project). With very few customers, of which all have significant financial standing, the Group is able to maintain low levels of credit risk.

Apart from the above, the Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Consolidated	
	30 June 2020 $	30 June 2019 $
Trade receivables		
*Counterparties without external credit rating **		
Group 1	**-**	-
Group 2	**380,958**	729,382
Group 3	**-**	-
	380,958	729,382

* Group 1 - new customers (less than 6 months)
Group 2 - existing customers (more than 6 months) with no defaults in the past
Group 3 - existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

(c) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(i) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3 Financial risk management (continued)

(i) Maturities of financial liabilities (continued)

Contractual maturities of financial liabilities	**Less than 6 months**	**6 - 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount (assets)/ liabilities**
At 30 June 2020	$	$	$	$	$	$	$
Non-derivatives							
Trade payables	832,471	-	-	-	-	832,471	832,471
Total non-derivatives	832,471	-	-	-	-	832,471	832,471
At 30 June 2019							
Non-derivatives							
Trade payables	342,180	-	-	-	-	342,180	342,180
Lease liabilities	4,662	20,396	-	-	-	25,057	25,057
Total non-derivatives	346,842	20,396	-	-	-	367,237	367,237

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(i) Valuation of other non-current assets

Determining whether goodwill and other non-current assets are impaired requires an estimation of the value in use of the cash generating units to which the assets have been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(ii) Impairment of a financial asset

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) Critical judgements in applying the entity's accounting policies

(i) Revenue recognition

The Group's policy for recognising revenue from project development is based on management's estimation of the stage of completion for these projects by reference to costs incurred compared to total estimated costs at completion. As at 30 June 2020, the group has recognised $1,022,971 (2019: $817,378) as accrued income and $569,957 (2019: $1,553,283) as deferred income as a result of the application of this policy.

4 Critical accounting estimates and judgements (continued)

(ii) Development costs

Management continually evaluates the commercial and technical feasibility of projects, together with the ability to complete the project and generate revenues. As at 30 June 2020, the Group has capitalised $Nil (2019: $Nil) as development costs and recognised an impairment loss of $Nil during the year (2019: $Nil) as a result of adopting this policy.

(iii) Lease term and valuation

The Group makes estimates and assumptions concerning the exercising of extension options included in lease agreements based on the enforceability and economic incentives attached to the leases. The estimate of the incremental borrowing rate applied to the lease liabilities represents the market interest rate adjusted for asset and term specific variables.

5 Revenue

	Consolidated	
	30 June 2020 $	30 June 2019 $
From continuing operations		
Sales revenue		
Project development fees	**2,186,395**	3,304,774
Sale of environmental credits	**2,299,817**	900,078
Carbon sink project management fees	**1,330,926**	1,511,265
Fee for services	**1,087,743**	1,334,765
	6,904,881	7,050,882
Other revenue		
Interest on financial assets	**917**	-
Crop share and agistment	**50,908**	53,369
Other items	**-**	112,635
	51,825	166,004
	6,956,706	7,216,886

6 Other gains/(losses)

	Consolidated	
	30 June 2020 $	30 June 2019 $
Gain on debt forgiveness	**-**	8,227,702

As part of the de-merger process Seafarms Group Limited debt forgave all amounts owing by CO2 Australia Limited and its subsidiaries. This gain reflects the amount of debt forgiveness that was given.

7 Expenses

Profit before income tax includes the following specific expenses:

	Consolidated	
	30 June 2020 $	30 June 2019 $
Depreciation		
Carbon sinks	**121,757**	139,109
Leasehold improvements	**6,737**	16,261
Plant and equipment	**345**	19,007
Leased buildings	**134,644**	-
Leased plant and equipment	**193,863**	12,827
Total depreciation	**457,346**	187,204
Amortisation		
Research and development projects	**22,962**	22,962
Total depreciation and amortisation	**480,308**	210,166
Research and development		
Carbon projects	**849,028**	977,319
Research and development costs paid and expensed	**849,028**	977,319
Employee benefits expense		
Superannuation	**134,382**	143,754
Other employee benefits	**1,529,024**	1,680,590
Total employee benefits expense	**1,663,406**	1,824,344
Cost of goods sold		
Cost of environmental credits sold	**1,807,314**	382,439

8 Income tax expense

(a) Income tax expense/(benefit)

	Consolidated	
	30 June 2020 $	30 June 2019 $
Current tax on profit / (loss) for the year	**66,719**	306,096
Deferred tax (benefit) / expense	**(39,542)**	5,304
Recognise deferred tax previously derecognised	**-**	204,661
Adjustments for deferred tax of prior periods	**158,328**	-
Write off current and prior year deferred tax assets	**-**	1,589
	185,505	517,650

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated	
	30 June 2020 $	30 June 2019 $
(Loss) / profit from continuing operations before income tax expense	**(167,788)**	9,621,491
Tax at the Australian tax rate of 27.5% (2019 - 30.0%)	**(46,142)**	2,886,447
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	**33,483**	39,684
Sundry items	**23,763**	32,640
	11,104	2,958,771
Difference in overseas tax rates	**16,073**	4,114
Current year tax losses not recognised	**-**	1,589
Profit / (loss) recognised and taxed in Seafarms Group tax consolidation group	**-**	(2,651,485)
Reinstatement of previously derecognised deferred tax	**-**	204,661
Prior year adjustment to deferred tax	**158,328**	-
Income tax expense/(benefit)	**185,505**	517,650

(c) Tax consolidation legislation

CO2 Australia Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in note 1(f).

9 Current assets - Cash and cash equivalents

	Consolidated	
	30 June 2020 $	30 June 2019 $
Cash at bank and in hand	**626,948**	1,460,103
Deposits at call	**53,500**	53,500
	680,448	1,513,603

(a) Risk exposure

The Group's exposure to interest rate risk is discussed in note .

9 Current assets - Cash and cash equivalents (continued)

(b) Cash at bank and on hand

Of the cash at bank and on hand, $626,948 (2019: $1,460,103) is non-interest bearing, and $Nil (2019: $Nil) is in accounts that earn interest.

(c) Cash not available for use

$53,500 (2019: $53,500) is held as security for bank facilities.

(d) Deposits at call

Deposits at call are interest bearing.

10 Current assets - Trade and other receivables

	Consolidated	
	30 June 2020 $	30 June 2019 $
Trade receivables	**380,958**	729,382
Loans to employees	**58,611**	-
Goods and services tax (GST) receivable	**24,358**	-
	463,927	729,382
Loans to related parties	**210,531**	220,288
	674,458	949,670

(a) Trade receivables

As of 30 June 2020, trade receivables of $Nil (2019: $Nil) were past due.

Trade receivables represent receivables in respect of which the Group’s right to consideration is unconditional subject only to the passage of time. Trade receivables are non-derivative financial assets accounted for in accordance with the Group’s accounting policy for non-derivative financial assets as set out in Note 1(b)(ii) AASB 9 *Financial Instruments*.

Trade and other receivables are measured at amortised cost. A gain or loss on trade and other financial assets that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

The average credit period on trade receivables ranges from current to 60 days in most cases. In determining the recoverability of a trade receivable, the Group used the expected credit loss model as per AASB 9. The expected credit loss model requires the Group to account for expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit default to have occurred before credit losses are recognised.

(b) Interest rate risk

Information about the Group’s exposure to interest rate risk in relation to trade and other receivables is provided in note .

10 Current assets - Trade and other receivables (continued)

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The average credit period on rendering of invoices is 30 days.

Refer to note for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

(d) Loans to related parties

CO2 Australia Ltd owns a 60% share in Blue-Leafed Mallee Limited ("BLM"), the loans to related parties represent funds owing by / (from) BLM, in regards to expenses paid or funds received on BLM's behalf, and are interest free.

11 Current assets - Other current assets

	Consolidated	
	30 June 2020 $	30 June 2019 $
Prepayments	**163,649**	125,541
Deposits paid	**48,317**	198
Environmental credits	**32,215**	29,797
	244,181	155,536

12 Current assets - Accrued income

	Consolidated	
	30 June 2020 $	30 June 2019 $
Carbon sink development	**518,659**	75,750
Accrued income from carbon sink management	**504,312**	741,628
	1,022,971	817,378

13 Non-current assets - Inventories

	Consolidated	
	30 June 2020 $	30 June 2019 $
Seeds at cost	**184,923**	184,923
	184,923	184,923

14 Non-current assets - Property, plant and equipment

Consolidated	Carbon sinks $	Plant and equipment $	Leasehold improvements $	Leased plant and equipment $	Total $
At 1 July 2018					
Cost or fair value	3,265,114	451,647	365,453	176,759	4,258,973
Accumulated depreciation	(2,702,395)	(415,972)	(333,141)	(97,101)	(3,548,609)
Net book amount	562,719	35,675	32,312	79,658	710,364
Year ended 30 June 2019					
Opening net book amount	562,719	35,675	32,312	79,658	710,364
Acquisition of subsidiary	406,339	(16,668)	-	-	389,671
Disposals	-	-	(45)	(19,958)	(20,003)
Depreciation charge	(139,109)	(19,007)	(16,261)	(12,827)	(187,204)
Closing net book amount	829,949	-	16,006	46,873	892,828
At 30 June 2019					
Cost or fair value	4,201,540	482,594	366,789	131,935	5,182,858
Accumulated depreciation	(3,371,591)	(482,594)	(350,783)	(85,062)	(4,290,030)
Net book amount	829,949	-	16,006	46,873	892,828

14 Non-current assets - Property, plant and equipment (continued)

Consolidated	Carbon sinks $	Plant and equipment $	Leasehold improvements $	Right-of-use asset Plant and equipment $	Right-of-use asset Buildings $	Total $
At 1 July 2019						
Cost or fair value	4,201,540	482,594	366,789	131,935	-	5,182,858
Accumulated depreciation	(3,371,591)	(482,594)	(350,783)	(85,062)	-	(4,290,030)
Net book amount	829,949	-	16,006	46,873	-	892,828
Year ended 30 June 2020						
Opening net book amount	829,949	-	16,006	46,873	-	892,828
Adjustment for change in accounting policy (AASB16)	-	-	-	266,825	307,021	573,846
Additions	-	3,700	-	27,381	40,799	71,880
Depreciation charge	(121,757)	(345)	(6,737)	(193,863)	(134,644)	(457,346)
Closing net book amount	708,192	3,355	9,269	147,216	213,176	1,081,208
At 30 June 2020						
Cost or fair value	4,201,540	486,294	366,789	426,133	347,820	5,828,576
Accumulated depreciation	(3,493,348)	(482,939)	(357,520)	(278,917)	(134,644)	(4,747,368)
Net book amount	708,192	3,355	9,269	147,216	213,176	1,081,208

15 Non-current assets - Intangible assets

Consolidated	Development costs $	Patents, trademarks and other rights $	Computer software $	Other intangible assets $	NGAC accreditation $	Total $
At 1 July 2018						
Cost	3,111,325	-	125,962	-	238,131	3,475,418
Accumulated amortisation and impairment	(1,899,485)	-	(125,962)	-	(238,131)	(2,263,578)
Net book amount	1,211,840	-	-	-	-	1,211,840
Year ended 30 June 2019						
Opening net book amount	1,211,840	-	-	-	-	1,211,840
Amortisation charge	(22,962)	-	-	-	-	(22,962)
Closing net book amount	1,188,878	-	-	-	-	1,188,878
Cost	3,111,325	3,072	125,962	790,166	238,131	4,268,656
Accumulated amortisation and impairment	(1,922,447)	(3,072)	(125,962)	(790,166)	(238,131)	(3,079,778)
Net book amount	1,188,878	-	-	-	-	1,188,878

15 Non-current assets - Intangible assets (continued)

Consolidated	**Development costs $**	**Patents, trademarks and other rights $**	**Computer software $**	**Other intangible assets $**	**NGAC accreditation $**	**Total $**
At 30 June 2019						
Cost	3,111,325	3,072	125,962	790,166	238,131	4,268,656
Accumulated amortisation and impairment	(1,922,447)	(3,072)	(125,962)	(790,166)	(238,131)	(3,079,778)
Net book amount	1,188,878	-	-	-	-	1,188,878
Year ended 30 June 2020						
Opening net book amount	1,188,878	-	-	-	-	1,188,878
Amortisation charge	(22,962)	-	-	-	-	(22,962)
Closing net book amount	1,165,916	-	-	-	-	1,165,916
At 30 June 2020						
Cost	3,111,325	3,072	125,962	790,166	238,131	4,268,656
Accumulated amortisation and impairment	(1,945,408)	(3,072)	(125,962)	(790,166)	(238,131)	(3,102,739)
Net book amount	1,165,917	-	-	-	-	1,165,917

16 Current liabilities - Trade and other payables

	Consolidated	
	30 June 2020 $	30 June 2019 $
Trade payables	**832,471**	342,180
Accrued expenses	**113,526**	285,759
PAYG payable	**27,894**	31,557
Goods and service tax (GST) payable	**-**	82,342
Other payables	**523**	858
	974,414	742,696

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

17 Current liabilities - Provisions

	Consolidated	
	30 June 2020 $	30 June 2019 $
Employee benefits	**310,162**	283,528
	310,162	283,528

18 Current liabilities - Deferred revenue

	Consolidated	
	30 June 2020 $	30 June 2019 $
Deferred income from project development	**52,388**	413,468
Deferred income on carbon sink management	**517,569**	1,139,815
	569,957	1,553,283

19 Non-current liabilities - Deferred tax liabilities

	Consolidated	
	30 June 2020 $	30 June 2019 $
The balance comprises temporary differences attributable to:		
Tax losses	**-**	87,941
Provisions	**87,234**	-
Accruals	**31,302**	-
Intangible assets	**-**	49
Depreciable assets	**3,352**	58,708
Accrued income	**(138,686)**	-
Research & development	**(320,627)**	(356,664)
Prepayments	**(981)**	-
Right-of-use assets	**(89,502)**	-

19 Non-current liabilities - Deferred tax liabilities (continued)

	Consolidated	
	30 June 2020 $	30 June 2019 $
Other		
Finance leases	**4,964**	-
Lease liabilities	**94,192**	-
Sub-total other	**99,156**	-
Net deferred tax liabilities	**(328,752)**	(209,966)
Movements:		
Opening balance at 1 July	**(209,966)**	-
Charged/credited:		
- to profit or loss	**(118,786)**	(5,304)
Reinstatement of previously derecognised deferred tax liability	**-**	(204,662)
Closing balance at 30 June	**(328,752)**	(209,966)

20 Non-current liabilities - Provisions

	Consolidated	
	30 June 2020 $	30 June 2019 $
Employee benefits - long service leave	**6,685**	8,905
Make good provision	**41,050**	-
	47,735	8,905

21 Issued capital

(a) Share capital

	Notes	**30 June 2020 Shares**	30 June 2019 Shares	**30 June 2020 $**	30 June 2019 $
Ordinary shares					
Fully paid		**1,417,084,698**	1,417,084,698	**-**	-

(b) Movements in ordinary share capital

	Number of shares	**$**
Opening balance 1 July 2018	1,417,084,698	-
Balance 30 June 2019	1,417,084,698	-
Opening balance 1 July 2019	1,417,084,698	-
Balance 30 June 2020	1,417,084,698	-

22 Remuneration of auditors

During the year the following fees were agreed for services provided by the auditor of the Parent entity, its related practices and non-related audit firms:

(a) Audit services

(i) Deloitte Touche Tohmatsu

	Consolidated	
	30 June 2020 $	30 June 2019 $
Audit and review of financial reports	**51,500**	33,250
Other fees paid to auditors	**16,300**	10,250
Total auditors' remuneration	**67,800**	43,500

23 Commitments

(a) Capital commitments

The Group has no material capital commitments as at 30 June 2020.

24 Related party transactions

(a) Parent entities

(b) Subsidiaries

Interests in subsidiaries are set out in note 25.

25 Subsidiaries and transactions with non-controlling interests

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

Name of entity	Country of incorporation	Class of shares	Equity holding 2020 %	2019 %
Carbon Banc Limited	Australia	Ordinary	**100**	100
Carbon Estate Pty Ltd	Australia	Ordinary	**100**	100
CO2 New Zealand Limited	Australia	Ordinary	**100**	100
Mallee Land Company Pty Ltd	Australia	Ordinary	**100**	100
Mallee Carbon Limited	Australia	Ordinary	**100**	100
Carbon Sinks Services Pty Ltd	Australia	Ordinary	**100**	100
The Oil Mallee Company of Australia Limited	Australia	Ordinary	**100**	100
Yonderr Pty Ltd	Australia	Ordinary	**100**	100
CO2 Group Financial Services Pty Ltd	Australia	Ordinary	**100**	100

26 Interests in joint ventures

(a) Joint venture partnership

Blue-Leafed Mallee Pty Ltd (BLM) was a wholly owned subsidiary of the Parent Entity, conducting carbon projects through a 60% interest in a joint operation. In relation to its interest in the joint operation, BLM recognised its 60% share of the assets, liabilities, revenues and expenses in/resulting from the joint operation in the P&L and statement of financial position of the Group.

The Group has accounted for the retained 60% interest as an equity accounted investment - refer to Note 1(d)(iii) for the accounting policy.

(b) Equity accounted investment

At 30 June 2019, the carrying value of the investment in the statement of financial position is $153,294 (2019: $239,704).

During the current period an equity accounted loss of $86,410 has been recognised in profit or loss (2019: $108,797).

27 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to 30 June 2020 that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

28 Reconciliation of loss for the year to net cash flows from operating activities

	Consolidated	
	30 June 2020 $	30 June 2019 $
(Loss) / profit for the year	**(353,294)**	9,104,528
Depreciation and amortisation	**480,308**	210,167
Share of loss/(profits) of joint venture	**86,410**	108,797
Net gain on debt forgivenss	**-**	(8,227,702)
Change in operating assets and liabilities:		
Decrease/(increase) in trade debtors and receivables	**275,212**	(545,486)
(Increase)/decrease in other current assets	**(88,646)**	(122,068)
(Increase)/decrease in other operating assets	**(205,593)**	121,683
(Decrease)/increase in trade creditors	**231,719**	58,203
Increase/(decrease) in current tax payables	**(90,880)**	364,933
Increase/(decrease) in other provisions	**65,464**	(41,586)
(Decrease)/increase in other current liabilities	**(25,057)**	-
(Decrease)/increase in other operating liabilities	**(983,326)**	(253,857)
Increase/(decrease) in deferred tax liabilities	**118,786**	209,966
Net cash (outflow) / inflow from operating activities	**(488,897)**	987,578

29 Contingent liabilities

(a) Contingent liabilities

The Group had no contingent liabilities at 30 June 2020 (2018: Nil).

30 Parent entity financial information

(a) Summary financial information

The individual financial statements for the Parent entity, CO2 Australia Limited, show the following aggregate amounts:

	30 June 2020 $	30 June 2019 $
Balance sheet		
Current assets	**2,628,604**	3,367,006
Non-current assets	**1,898,631**	1,966,645
Total assets	**4,527,235**	5,333,651
Current liabilities	**2,575,550**	2,812,370
Non-current liabilities	**71,855**	220,579
Total liabilities	**2,647,405**	3,032,949
Net assets / (liabilities)	**1,879,830**	2,300,702
Shareholders' equity		
Retained earnings	**1,879,830**	2,300,702
	1,879,830	2,300,702
(Loss) / profit for the year	**(420,872)**	9,108,418
Total comprehensive (loss) / profit	**(420,872)**	9,108,418

(b) Contingent liabilities of the parent entity

The Parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019. For information about guarantees given by the Parent entity, please see above.

(c) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2020, the parent entity had no contractual commitments for the acquisition of property, plant or equipment.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 9 to 43 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial period ended on that date, and

(b) the financial statements and notes set out on pages 9 to 43 are also in accordance with the international financial reporting standards issued by the International Accounting Standards Board

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

(d) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

The Directors have been given the declarations by the executive chairman and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Perth
26 November 2020

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Independent Auditor's Report to the Members of CO2 Australia Limited

Opinion

We have audited the financial report of CO2 Australia Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

We 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, 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 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.

Deloitte.

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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 Group 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 Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants
Perth, 26 November 2020

The Shareholder information set out below was applicable as at 30 June 2019.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Ordinary shares
1 - 1000	55,869
1,001 - 5,000	1,389,291
5,001 - 10,000	4,995,082
10,001 - 100,000	79,360,945
100,001 and over	1,331,283,511
	1,417,084,698

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
Gabor Holdings Pty Ltd (The Tricorp A/C)	196,518,602	13.87
Avatar Industries Pty Ltd	158,818,303	11.21
JB Were (NZ) Nominees Limited <56871 A/c>	65,793,651	4.64
Avatar Industries Pty Ltd	48,916,666	3.45
Alocasia Pty Limited <Camellia Super Fund A/C>	44,666,265	3.15
Pinnacle Superannuation Pty Ltd <PJF S/F A/C>	37,750,000	2.66
Narrow Lane Pty Ltd <Super Fund A/C>	27,451,629	1.94
USB Nominees Pty Ltd	26,454,504	1.87
Avatar Industries Pty Ltd	24,477,715	1.73
Peta Pty Ltd <Rosebud Super Pension A/C>	19,163,731	1.35
Fifty Second Celebration Pty Ltd <McBain Family A/C>	16,968,094	1.20
Crestpark Investments Pty Ltd	15,248,799	1.08
Gabor Holdings Pty Ltd	14,726,871	1.04
Thrifty-Fifth Celebration Pty Ltd <JC McBain Super Fund A/c>	13,688,888	0.97
CO2 T'EE Employee Share Plan Pty Ltd <CO2 Employee Share A/C>	13,500,000	0.95
Piama Pty Ltd <Fena Superannuation Plan A/C>	13,392,857	0.95
Wilbow Group Equities Pty Ltd	10,061,803	0.71
City Lane Pty Ltd <The Whitcombe Family A/C>	9,850,462	0.70
Gabor Holdings Pty Ltd	9,542,212	0.67
BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>	8,792,458	0.62
	775,783,510	54.76

C. Substantial holders

Substantial holders in the Company are set out below:

	Number held	Percentage
Gabor Holdings Pty Ltd (and associates)	453,391,227	31.99%