

Suzlon Energy Australia Pty Ltd

ABN 55 107 631 176

Financial Statements

For the Year Ended 31 March 2022

Suzlon Energy Australia Pty Ltd

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For the Year Ended 31 March 2022

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Suzlon Energy Australia Pty Ltd

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Directors' Report For the Year Ended 31 March 2022

The directors present their report on Suzlon Energy Australia Pty Ltd ("the Company") for the financial year ended 31 March 2022.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Tejjas Parmar (Appointed 8 April 2021)

Mukesh Kolhe (Resigned 8 April 2021)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activity of the Company during the financial year was the service and maintenance of wind farms within Australia. While the Company expects to continue with the current service and maintenance contracts in the future, management intends to engage in new wind farm related business. The Company actively participated at the Annual Clean Energy Conference showcasing new products and during the year restarted Sales/Business development activity. Also a revised market strategy was drafted facilitating inputs to the new products development process and the Company participated in new tenders issued by various clients/ developers with existing and new products

No significant changes in the nature of the Company's activity occurred during the financial year.

Operating results

The profit after tax of the Company for the financial year amounted to \$2.78 million (2021: loss after tax of \$1.03 million). In the current year, the Company recorded a forex gain of \$0.20 million (2021: forex gain of \$1.25 million) due to foreign currency movement on outstanding intercompany balances. The Company made an operating profit of \$2.58 million (2021: operating loss of \$2.28 million) before this significant item.

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of operations

A review of the operations of the Company during the financial year and the results of those operations show that the Company continued to engage in its principal activity, the result of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

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Directors' Report For the Year Ended 31 March 2022

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Indemnification and insurance of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for the auditor of Suzlon Energy Australia Pty Ltd.

Proceedings on behalf of Company

No person has applied for leave of court under Section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 31 March 2022 has been received and can be found on page 3 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



Director:

Tejas Parmar

Dated this 8th day of June 2022

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Suzlon Energy Australia Pty Ltd for the year ended 31 March 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Melbourne
08 June 2022

A handwritten signature in black ink, appearing to read 'M Gummery', with a stylized flourish at the end.

Michael Gummery
Partner

hlb.com.au

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Suzlon Energy Australia Pty Ltd

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 March 2022

		2022	2021
	Note	\$'000	\$'000
Revenue from contracts with customers	4	26,364	24,000
Cost of sales		(18,020)	(20,118)
Gross profit		8,344	3,882
Other income/(expense)			
Finance income		-	35
Finance costs	5	(105)	(135)
Foreign exchange gain/(loss)		198	1,247
Other income		1	41
Expenses	4		
Administration		(408)	(728)
Employee benefits expense	5	(3,874)	(3,929)
Consultant expense		(616)	(633)
Travel		(153)	(220)
Depreciation and amortisation expense	5	(609)	(593)
Profit/(loss) before income tax		2,778	(1,033)
Income tax expense		-	-
Net profit/(loss) for the year		2,778	(1,033)
Other comprehensive income/(loss), net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met		-	-
Total comprehensive income/(loss) for the year		2,778	(1,033)

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As At 31 March 2022

	Note	2022 \$'000	2021 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	32	361
Trade and other receivables	8	4,211	4,446
Inventories	9	10,162	9,499
Contract assets	10(a)	442	1,606
Other assets	12	1,015	909
TOTAL CURRENT ASSETS		15,862	16,821
NON-CURRENT ASSETS			
Trade and other receivables	8	2,767	4,245
Property, plant and equipment	11	860	963
Right-of-use assets	13(a)	567	909
TOTAL NON-CURRENT ASSETS		4,194	6,117
TOTAL ASSETS		20,056	22,938
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	5,707	6,595
Borrowings	15	1,809	6,723
Contract liabilities	10(b)	2,226	1,573
Lease liabilities	13(b)	357	536
Provisions	16	17	254
Employee benefits	17	2,702	2,565
Other liabilities	18	2,104	2,119
TOTAL CURRENT LIABILITIES		14,922	20,365
NON-CURRENT LIABILITIES			
Lease liabilities	13(b)	239	390
Employee benefits	17	89	154
TOTAL NON-CURRENT LIABILITIES		328	544
TOTAL LIABILITIES		15,250	20,909
NET ASSETS		4,806	2,029
EQUITY			
Issued capital	19	107,778	107,778
Accumulated losses	20	(102,972)	(105,750)
TOTAL EQUITY		4,806	2,028

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 31 March 2022

2022

	Issued Capital \$'000	Accumulated Losses \$'000	Total \$'000
Balance at 1 April 2021	107,778	(105,750)	2,028
Net profit/(loss) for the year	-	2,778	2,778
Balance at 31 March 2022	107,778	(102,972)	4,806

2021

	Issued Capital \$'000	Accumulated Losses \$'000	Total \$'000
Balance at 1 April 2020	107,778	(104,717)	3,061
Net profit/(loss) for the year	-	(1,033)	(1,033)
Balance at 31 March 2021	107,778	(105,750)	2,028

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 31 March 2022

	2022	2021
Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	32,939	22,845
Payments to suppliers and employees	(27,962)	(25,513)
Interest received	-	35
Interest paid	(105)	(97)
Net cash provided by/(used in) operating activities	4,872	(2,730)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(285)	(399)
Proceeds from financial assets	-	2,425
Net cash provided by/(used in) investing activities	(285)	2,026
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(4,916)	-
Repayment of lease liabilities	-	(618)
Net cash provided by/(used in) financing activities	(4,916)	(618)
Net increase/(decrease) in cash and cash equivalents held	(329)	(1,322)
Cash and cash equivalents at beginning of year	361	1,683
Cash and cash equivalents at end of financial year	32	361
7(a)		

The accompanying notes form part of these financial statements.

Suzlon Energy Australia Pty Ltd

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Notes to the Financial Statements For the Year Ended 31 March 2022

The financial report covers Suzlon Energy Australia Pty Ltd ("the Company") as an individual entity. Suzlon Energy Australia Pty Ltd is a for-profit proprietary Company, incorporated and domiciled in Australia.

The functional and presentation currency of Suzlon Energy Australia Pty Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on .

Comparatives are consistent with prior years, unless otherwise stated.

The Company is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and, accordingly amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

1 Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. The Company is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001*.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Notes to the Financial Statements

For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Sale of equipment

Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The normal credit term is 30 days upon delivery.

Maintenance services

The Company recognises revenue from maintenance services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some maintenance contracts include bonus for exceeding agreed availability targets and liquidated damages for failing to achieve these availability targets. The bonuses and liquidated damages in respect of availability targets give rise to variable consideration.

Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in AASB 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Company presents the contract as a contract liability.

Notes to the Financial Statements

For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(b) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(c) Finance income and expenses

Finance income comprises interest income on intercompany transactions and on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings and bank interest. All borrowing costs are recognised in profit or loss using the effective interest method.

Notes to the Financial Statements

For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (continued)

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following category, those measured at:

- amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets (continued)

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

(g) Inventories

Inventory primarily relates to spares and consumables which are used in maintenance activities, or occasionally sold to customers. Inventories are measured at the lower of cost and net realisable value.

(h) Investment in wind farms

Preliminary development costs are incurred on initial feasibility and planning permit applications for potential wind farm sites. Such costs are expensed as incurred. When costs are reimbursable under the contract if the project fails to proceed, these costs will be capitalised.

(i) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and gains are recognised net within "other income" in profit or loss.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts

Notes to the Financial Statements For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (continued)

(i) Property, plant and equipment (continued)

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company, commencing when the asset is ready for use.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Plant and Equipment	
Installation Tools	2 - 5 years
Computer Equipment	2 - 5 years
Vehicles	5 - 7 years
Fixtures and Equipment	
Office furniture and fittings	6 - 10 years
Computer software	2 - 5 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(j) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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 of disposal and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(k) Leases

At inception of a contract, the Company assesses whether a lease exists.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

The Company has chosen not to apply AASB 16 to leases of intangible assets.

Right-of-use asset

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

Notes to the Financial Statements

For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (continued)

(k) Leases (continued)

Right-of-use asset (continued)

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Adoption of short term leases or low value asset exception

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Employee benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

Notes to the Financial Statements

For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (continued)

(l) Employee benefits (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

(m) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used 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 unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Notes to the Financial Statements

For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (continued)

(n) Foreign currency transactions and balances (continued)

Transaction and balances (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

(o) Going concern

The Company made a profit of \$2.78 million for the year ended 31 March 2022 (2021: loss of \$1.03 million), and as of that date, the Company had net current assets of \$0.94 million (2021: net current deficiency \$3.54 million), which includes intercompany loans and payables of \$1.84 million (2021: \$7.85 million), which are payable on demand. The Company's position as at 31 March 2022 included cash and cash equivalents of \$0.03 million (2021: \$0.36 million).

The Company is currently in negotiation with key suppliers to extend payment terms of amounts due and payable in order to manage its cash flow more effectively. Based on past experience and the relationship with its customers, the Company is confident it will be able to defer payment of contractual liquidated damages. Whilst the Company expects these negotiations to be successful, there is no guarantee that this will be the outcome. The Company currently does not have any external sources of funding available. The Company's parent entity has agreed provide a loan of \$1 million to the Company and the Company is also expecting to collect inter-company receivables of at least \$2.5 million which will provide additional cash flow support.

The Company has forecast that it will continue to generate positive operating cashflows in FY23 which, in combination with supplier payment plan negotiations, would allow it to meet its financial obligations for the foreseeable future. Accordingly, the financial report has been prepared on the basis that the Company will continue as a going concern.

The above factors, among others, indicate the existence of a material uncertainty in respect of the going concern of the Company. Should the Company be unable to maintain its operating performance and/ or implement its planned working capital initiatives, the Company may be unable to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

(p) Adoption of new and revised accounting standards

The Company has elected to adopt the following standards and amendments early:

- *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*
- *AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Notes to the Financial Statements

For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (continued)

(p) Adoption of new and revised accounting standards (continued)

These are the Company's first general purpose financial statements prepared in accordance with AASB 1060. As permitted by AASB 1053 *Application of Tiers of Australian Accounting Standards*, the Company has not provided comparative information for those disclosures that it had not previously made in the notes of its general purpose financial statements prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements.

(q) New Accounting Standards and Interpretations for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. Except as disclosed in Note 2(p) above, the directors have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the Company.

The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Company's financial statements.

3 Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - Warranty provision

In determining the level of provision required for warranties, the Company has made estimates in respect of the expected performance of the wind turbines, and the costs of fulfilling the performance of the warranty. Historical experience from overseas wind farms and current knowledge of the performance of the wind turbines has been used in determining the provision.

Key estimates - Variable consideration

In determining variable consideration, the Company makes estimates on likelihood of achieving availability bonuses or liquidated damages at balance date.

Notes to the Financial Statements

For the Year Ended 31 March 2022

3 Critical Accounting Estimates and Judgements (continued)

Key estimates - Inventory provision

In determining the inventory provision, the Company makes estimates in identifying components and spares critical for the functioning of the turbines. In line with the Company's policy, no provision is created in respect of critical inventory, where there is a reasonable expectation that the inventory will be utilised. Given the nature of the Company's maintenance contracts, it is necessary to hold critical parts for immediate usage when required. Such parts may be held as inventory for a period of greater than one year, but are recognised as current inventory as there estimated usage is deemed to fall within the Company's normal operating cycle.

Key judgements - Taxes

Deferred tax assets

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions.

4 Revenue from Contracts with Customers

	2022 \$'000	2021 \$'000
- maintenance services	23,340	21,256
- other goods and services	3,024	2,744
Total revenue from contracts with customers	26,364	24,000

(a) Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated based on the timing of revenue recognition, and the following table shows this breakdown:

Timing of revenue recognition:

- Services transferred over time	25,455	23,414
- Goods transferred at point in time	909	586
Revenue from contracts with customers	26,364	24,000

All revenue was generated in Australia.

Notes to the Financial Statements

For the Year Ended 31 March 2022

5 Result for the Year

The result for the year includes the following specific expenses:

	2022 \$'000	2021 \$'000
Employee benefits expense:		
- Salaries and other employee benefits expense	3,404	3,529
- Staff training	157	110
- Superannuation contributions	313	290
Total employee benefits expense	3,874	3,929
Depreciation expense:		
- Buildings	3	3
- Plant and equipment	255	240
- Fixtures and equipment	129	117
- Right-of-use asset (property lease)	222	233
Total depreciation expense	609	593
Depreciation and lease payments included in cost of sales:		
- Depreciation on right-of-use assets (vehicle lease)	361	381
- Expenses relating to short term lease payments	1,733	1,975
Total depreciation and lease payments included in cost of sales	2,094	2,356
Finance costs:		
- Interest expense on lease liabilities	33	38
- Other finance costs	72	97
Total finance costs	105	135

6 Income Tax Expense

Reconciliation of income tax to accounting profit:

	2022 \$'000	2021 \$'000
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2021: 30%)	833	(310)
Add tax effect of:		
- non-deductible expenses	485	30
- temporary differences not recognised	(929)	680
- utilisation of tax losses	(389)	(400)
Income tax expense	-	-

At 31 March 2021, the Company has \$31.92 million remaining carried forward tax losses. Further, Suzlon Energy Australia Pty Ltd has utilised tax losses of \$1.29 million during the year ended 31 March 2022.

There are no deferred tax assets recognised on these losses and temporary differences. Based upon management's view it is not considered probable that sufficient future taxable income will arise to enable utilisation of existing tax temporary differences and carried forward tax losses.

Suzlon Energy Australia Pty Ltd

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Notes to the Financial Statements For the Year Ended 31 March 2022

7 Cash and Cash Equivalents

	2022	2021
Note	\$'000	\$'000
Cash at bank	32	361
Total cash and cash equivalents	32	361

(a) Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	7	32	361
Balance as per statement of cash flows		32	361

8 Trade and Other Receivables

	2022	2021
	\$'000	\$'000
CURRENT		
Trade receivables	1,381	412
Receivables from Suzlon Group companies	2,548	4,000
Other receivables	282	34
Total current trade and other receivables	4,211	4,446
NON-CURRENT		
Receivables from Suzlon Group companies	2,767	4,245
Total non-current trade and other receivables	2,767	4,245

As at 31 March 2022, the Company has classified intercompany receivables of \$2.77 million (2021: \$4.25 million) as non-current as it does not expect to collect this balance within 12 months.

Trade receivables are non-interest bearing and are generally on terms of 30 days

9 Inventories

	2022	2021
	\$'000	\$'000
CURRENT		
Inventory at cost	10,761	10,098
Provision for inventory obsolescence	(599)	(599)
Total current inventories	10,162	9,499

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Notes to the Financial Statements For the Year Ended 31 March 2022

Inventory with a value of \$2.81 million included within the total inventory balance has been classified as current inventory despite it not having been used within the past 12 months. This is due to the Company anticipating the usage or sale of this inventory to fall within the group's normal operating cycle.

10 Contract Balances

(a) Current contract assets

	2022 \$'000	2021 \$'000
CURRENT		
Uninvoiced revenue	442	1,606
Total current contract assets	442	1,606

(b) Current contract liabilities

	2022 \$'000	2021 \$'000
CURRENT		
Customer prepayments	2,226	1,573
Total current contract liabilities	2,226	1,573

11 Property, plant and equipment

	2022 \$'000	2021 \$'000
Land		
At cost	168	168
Total land	168	168
Buildings		
At cost	30	30
Accumulated depreciation	(22)	(19)
Total buildings	8	11
Plant and equipment		
At cost	2,705	2,514
Accumulated depreciation	(2,175)	(1,919)
Total plant and equipment	530	595
Fixtures and equipment		
At cost	879	786
Accumulated depreciation	(725)	(597)
Total fixtures and equipment	154	189
Total property, plant and equipment	860	963

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Notes to the Financial Statements For the Year Ended 31 March 2022

11 Property, plant and equipment (continued)

(a) Movements in Carrying Amounts

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

	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Fixtures and Equipment \$'000	Total \$'000
Year ended 31 March 2022					
Balance at the beginning of year	168	11	595	189	963
Additions	-	-	191	93	284
Depreciation expense	-	(3)	(255)	(129)	(387)
Balance at the end of the year	168	8	531	153	860

12 Other Assets

	2022 \$'000	2021 \$'000
CURRENT		
Prepayments	1,015	909
Total current other assets	1,015	909

13 Leases

Company as a lessee

The Company has leases over a range of assets including property and vehicles.

Terms and conditions of leases

Buildings

The Company leases land and buildings for their corporate office and warehouse, the leases are generally between 3 - 5 years and some of the leases include a renewal option to allow the Company to renew the non-cancellable lease term.

Vehicles

The Company leases vehicles with lease terms varying from 2 - 5 years, the lease payments are fixed during the lease term.

Notes to the Financial Statements
For the Year Ended 31 March 2022

13 Leases (continued)

(a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	2022	2021
	\$'000	\$'000
Property leases		
At cost	852	598
Accumulated depreciation	(455)	(233)
Total property leases	397	365
Vehicle leases		
At cost	925	925
Accumulated depreciation	(755)	(381)
Total vehicle leases	170	544
Total right-of-use assets	567	909

	Property Leases \$'000	Vehicle Leases \$'000	Total \$'000
Year ended 31 March 2022			
Balance at beginning of year	365	544	909
Additions to right-of-use assets	254	-	254
Reductions in right-of-use assets due to changes in lease liability	-	(13)	(13)
Depreciation expense	(222)	(361)	(583)
Balance at end of year	397	170	567

(b) Lease liabilities

	2022	2021
	\$'000	\$'000
Description		
Current lease liabilities	357	536
Non-current lease liabilities	239	390
Total lease liabilities	596	926

Notes to the Financial Statements
For the Year Ended 31 March 2022

13 Leases (continued)

(b) Lease liabilities (continued)

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Lease liabilities	378	245	-	623	596
2021					
Lease liabilities	563	404	-	967	926

(c) Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to depreciation expense, interest expense on lease liabilities and short-term leases or leases of low value assets are shown below:

	Note	2022 \$'000	2021 \$'000
Depreciation expense of right-of-use assets (Property leases)	5	222	233
Depreciation expense of right-of-use assets (Vehicle leases)	5	361	381
Interest expense on lease liabilities	5	33	38
Expense relating to leases of low value assets (included in cost of sales)	5	1,733	1,975
Total amount recognised in profit or loss		2,349	2,627

14 Trade and Other Payables

	2022 \$'000	2021 \$'000
CURRENT		
Trade payables	5,100	3,997
GST payable	128	124
Employee benefits	112	246
Sundry payables and accrued expenses	336	1,101
Payables to related parties	31	1,127
Total current trade and other payables	5,707	6,595

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Notes to the Financial Statements For the Year Ended 31 March 2022

15 Borrowings

	2022 \$'000	2021 \$'000
CURRENT		
Unsecured liabilities:		
Intercompany Loan	1,809	6,723
Total current borrowings	1,809	6,723

Amounts repayable to related parties carry interest rate of 0.46% to 1.20% per annum charged on outstanding loan balances.

16 Provisions

	2022 \$'000	2021 \$'000
CURRENT		
Provision for warranty	7	30
Provision for income protection	10	4
Provision for project completion costs	-	220
Total current provisions	17	254

	Provision for Warranty \$'000	Provision for Income Protection \$'000	Provision for project completion costs \$'000	Total \$'000
Current				
Opening balance at 1 April 2021	30	4	220	254
Additional provisions	7	10	-	17
Provisions used	(30)	(4)	(220)	(254)
Balance at 31 March 2022	7	10	-	17

17 Employee Benefits

	2022 \$'000	2021 \$'000
CURRENT		
Long service leave	978	904
Annual leave	1,283	1,195
Rostered day off	200	181
Other employee benefits	241	285
Total current employee benefits	2,702	2,565
NON-CURRENT		
Long service leave	89	154
Total non-current employee benefits	89	154

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Notes to the Financial Statements For the Year Ended 31 March 2022

18 Other Liabilities

	2022 \$'000	2021 \$'000
CURRENT		
Liquidated damages	2,104	2,119
Total other liabilities	2,104	2,119

19 Issued Capital

	2022 \$'000	2021 \$'000
107,778,000 (2021: 107,778,000) fully paid ordinary shares	107,778	107,778
Total issued capital	107,778	107,778

(a) Ordinary shares

	2022 '000 No.	2021 '000 No.
At the beginning of the reporting period	107,778	107,778
At the end of the reporting period	107,778	107,778

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

20 Accumulated Losses

	2022 \$'000	2021 \$'000
Accumulated losses at the beginning of the financial year	(105,750)	(104,717)
Net profit/(loss) for the year	2,778	(1,033)
Accumulated losses at end of the financial year	(102,972)	(105,750)

21 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Company is \$621,478.00 (2021: \$440,000.00).

Suzlon Energy Australia Pty Ltd

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Notes to the Financial Statements For the Year Ended 31 March 2022

22 Related Parties

(a) The Company's main related parties are as follows:

Name	Relationship
Suzlon Energy Limited	Ultimate parent company
Suzlon Energy A/S Denmark	Parent company
Suzlon Global Services Limited	Under common control
Suzlon Generators Limited	Under common control
Suzlon Wind Energy South Africa Pty Limited	Under common control
Suzlon Wind Energy Equipment Trading Co. Limited	Under common control
AE-Rotor Holding BV - CR CG	Under common control

Key management personnel - refer to Note 21.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2022	2021	Balance outstanding	
	\$'000	\$'000	2022	2021
			\$'000	\$'000
Purchase of goods and services from related entities				
- Ultimate parent company	72	251	-	-
- Other related parties	37	8	-	-
Warranty claims raised to parent company				
- Ultimate parent company	2,560	2,965	-	-
Interest paid to related entities				
- Parent company	39	41	-	-
Current receivables				
- Ultimate parent company	-	-	2,500	4,000
- Other related parties	-	-	48	31
Non-current receivables				
- Ultimate parent company	-	-	2,767	4,213
Current payables				
- Parent company	-	-	1,809	6,723
- Other related parties	-	-	31	1,127

Suzlon Energy Australia Pty Ltd

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Notes to the Financial Statements For the Year Ended 31 March 2022

23 Auditor's Remuneration

	2022 \$'000	2021 \$'000
Remuneration of the auditor, HLB Mann Judd (2021: Ernst & Young), for:		
- auditing or reviewing the financial statements	43	63
- other services	2	2
Total auditor's remuneration	45	65

24 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 March 2022 (31 March 2021:None).

The following bank guarantees are entered into by Suzlon Energy Australia Pty Ltd as at 31 March 2022:

	Bank	Expiry	\$'000
Contract Security for AGL	CBA	30-Sep-23	208
Contract Security for AGL	CBA	30-Sep-23	525
Contract Security for AGL	CBA	30-Sep-23	267
Contract Security for Trustpower	ANZ	5-Oct-23	1,750
			<u>2,750</u>

25 Impact of COVID-19

Company's cash-flow has been impacted due to the ongoing pandemic. The Company has long term contracts with all the customers and the prices have been locked in till the term of the contract hence the Company had to absorb all the increased costs due to the Covid-19 impact such as increase in spare parts costs, AIR-freighting of critical components and investing in increased stocking levels.

The operating profit would have further improved, had it not been for the costs impacts of Covid-19.

26 Events Occurring After the Reporting Date

The financial report was authorised for issue on 08 June 2022 by the board of directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

27 Statutory Information

The registered office and principal place of business of the Company is:

Suzlon Energy Australia Pty Ltd
Level 1, 182 Stawell Street
Burnley VIC 3121

Suzlon Energy Australia Pty Ltd

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Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 29, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Simplified Disclosure Standard; and
 - b. give a true and fair view of the financial position as at 31 March 2022 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Director

Tejas Parmar

Dated this 8th day of June 2022

Independent Auditor's Report to the Members of Suzlon Energy Australia Pty Ltd

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Suzlon Energy Australia Pty Ltd ("the Company") which comprises the statement of financial position as at 31 March 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 31 March 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material Uncertainty Regarding Going Concern

We draw attention to Note 2 (o) in the financial report, which indicates that the Company had a net cash balance of \$0.03m as at 31 March 2022 and is in the process of trying to negotiate extended payment terms with its creditors. These facts, along with the other events and conditions outlined in Note 2 (o) indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

The directors are responsible for the other information. The other information comprises the information included in the directors' report for the year ended 31 March 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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.

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Melbourne
08 June 2022



Michael Gummery
Partner