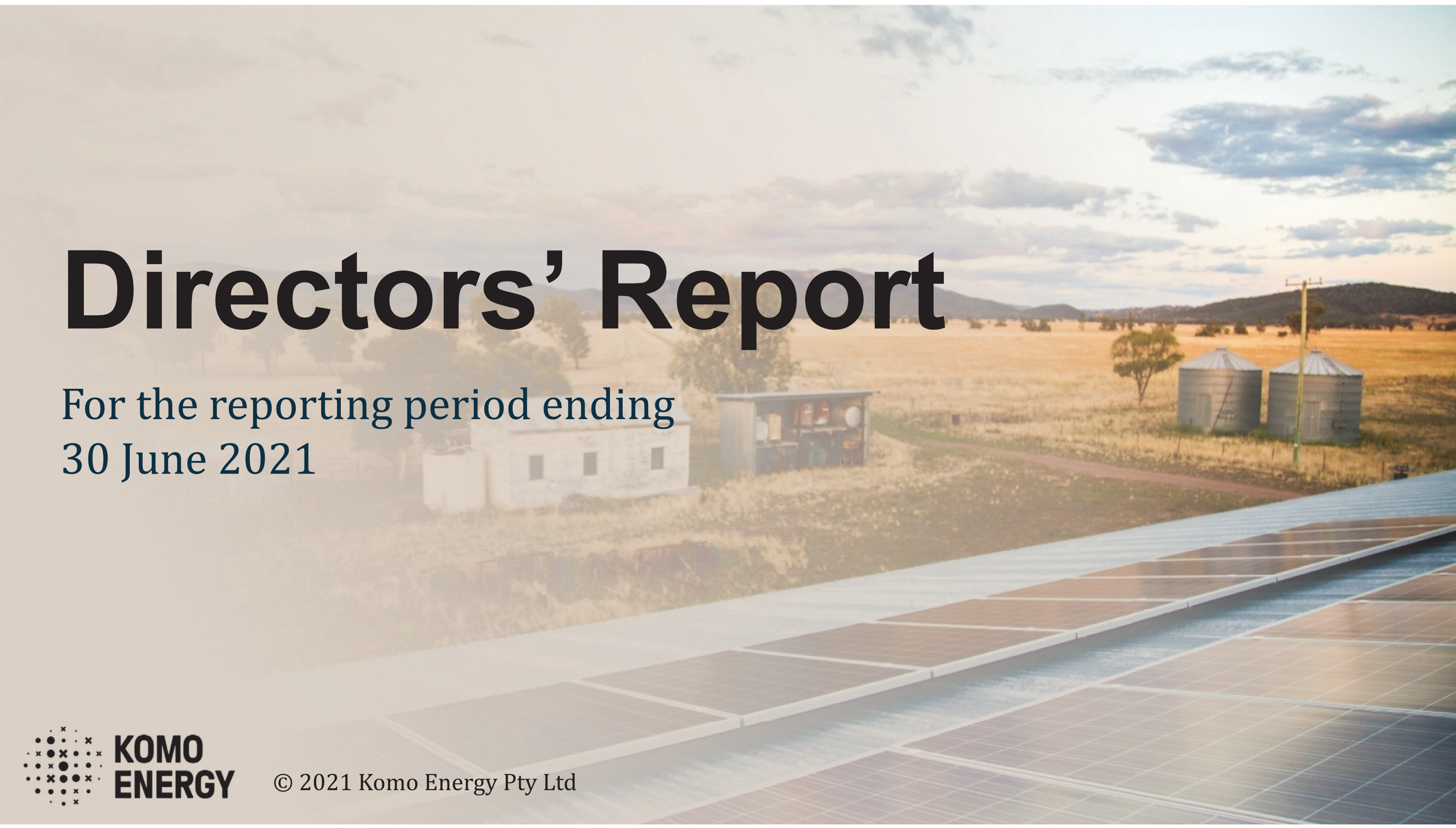

Directors’ Report

For the reporting period ending
30 June 2021

KOMO ENERGY

Content

KOMO ENERGY

Background and Definitions

Background

Komo Energy Pty Ltd ACN 618 126 622 (the "Company") has undertaken a crowd-sourced funding (CSF) process and has welcomed CSF shareholders to the Company.

The Company presents this Directors' Report for the Reporting Period. This Directors' Report is made in accordance with a directors' resolution passed on 24 November approving this Directors' Report. The Directors' Report also attaches the Consolidated Financial Statements. The Company is exempt from the requirement to have its financial report audited.

Signed for and on behalf of the Company:

Jonathan Edward Prendergast
Sydney, 24 November 2021

Gerald Arends
Brisbane, 24 November 2021

KOMO ENERGY

Definitions

In this Directors' Report, the following defined terms are used:

"Company" means Komo Energy Pty Ltd ACN 618 126 622.

"Komo Energy" means the Company and all its Subsidiaries.

"Reporting Period" means the financial year from 1 July 2020 to 30 June 2021 and covers, where required, also the period from 1 July 2021 to the date of this Directors' Report.

"Subsidiary" means each of Komo Service Pty Ltd ACN 645 429 483, Komo Energy (Connection Assets) Pty Ltd ACN 620 029 334, Grong Grong Solar 1 Pty Ltd ACN 632 803 984, Grong Grong Solar 2 Pty Ltd ACN 632 804 052, Goulburn Community Solar Pty Ltd ACN 633 423 346, Gloucester Solar Project 1 Pty Ltd ACN 646 043 343, Northern Rivers Community Solar 1 Pty Ltd ACN 636 447 259.

KOMO ENERGY

Part A – General Information

KOMO ENERGY

General Information

This section provides general information about Komo Energy's operations and activities. Komo Energy is providing consolidated financial statements and, accordingly, the review of the operations and activities of Komo Energy includes the Company and the Subsidiaries.

Review of operations during the Reporting Year Results of those operations and results of those operations	***Continued development of own pipeline of projects*** In the Reporting Period, Komo Energy continued the development of its existing projects with a particular focus on the Grong Grong Solar Farm/Haystacks Solar Garden and the Goulburn Dispatchable Solar Farm (see further below). Komo Energy was also appointed to support the development of the Gloucester Community Solar Farm. All three projects have grant funding agreements under the Regional Community Energy Fund (RCEF) of the NSW Government, but only the grant funding agreement for the Grong Grong Solar Farm/Haystacks Solar Garden currently lies with a group entity. ***Expansion of own pipeline of projects*** While the focus remains on developing the existing projects, Komo Energy is expanding its development pipeline. However, in light of the presently challenging market conditions (see below) for solar projects, there has been a delay in realising the project development fees out of the existing pipeline of projects, which impacts the pace at which Komo Energy can take on further projects.	Section 209(1)(a) of the *Corporations Act 2001* (Cth)

General Information

Continued.

Review of operations during the Reporting Year Results of those operations and results of those operations **Continued**	***Provision of services to third party projects*** In the Reporting Period, Komo Energy also continued to provide project development and procurement services to the Cowra Solar/Battery Microgrid. ***Consulting Services (including PPA structuring)*** Komo Energy provided consulting services (including PPA structuring and sourcing) for a variety of clients during the Reporting Period. ***Grant funding support*** In the Reporting Period, Komo Energy has supported grant funding applications, out of which the application of Healesville CoRE for funding of the Yarra Valley Community Power Hub was successful and led to the engagement of Komo Energy as industry partner for this Community Power Hub. This activity has an impact on the operational results only after the end of the Reporting Period.	Section 209(1)(a) of the *Corporations Act 2001* (Cth)

KOMO ENERGY

General Information

Continued.

Review of operations during the Reporting Year Results of those operations and results of those operations **Continued**	***Results of operation*** Komo Energy undertakes a significant part of its project development activities on its own account, seeking the risk and return associated with project development activities. These activities span multiple financial years and Komo Energy expects to incur losses during the initial financial years. This effect is mitigated by Komo Energy providing some services on a consulting basis. Komo Energy completed the 2020/2021 financial year with a small operating profit of $29,971 on a consolidated basis. This outcome exceeds the directors' expectations.	Section 209(1)(a) of the *Corporations Act 2001* (Cth)

KOMO ENERGY

General Information

Continued.

Details of any significant changes in the Komo Energy's state of affairs	In 17 November 2020, Komo Energy opened a crowd-sourced funding (CSF) offer on Birchal, which resulted in 133 investors contributing share capital of a total of $239,841.60. Further share capital was raised from 3 investors in a total amount of $84,999.75. The additional share capital enables Komo Energy to grow its operations and pipeline of projects beyond cashflow funding generated from its operating activities. Immediately prior to the CSF fundraise, Komo Energy created Komo Service to allow the transfer of all operating business into Komo Service and retain Komo Energy as a holding company. The transfer of the operating business is ongoing but expected to be completed by the end of the 2021/2022 financial year.	Section 209(1)(b) of the *Corporations Act 2001* (Cth)

KOMO ENERGY

General Information

Continued.

Principal activities during the Reporting Period any significant changes in the nature of those activities during the year	Komo Energy continues to provide services in relation to: • project development • procurement • grant funding support • PPA structuring and sourcing • construction management • asset management During the Reporting Period, the focus remained on project development, procurement, grant funding support and PPA structuring and support. Construction management services are expected to commence in the first quarter of 2022, asset management services in the 2022/2023 financial year.	Section 209(1)(c) of the *Corporations Act 2001* (Cth)
Significant changes in the nature of those activities during the Reporting Period	There have been no significant changes in the nature of the activities during the Reporting Period.	Section 209(1)(c) of the *Corporations Act 2001* (Cth)

KOMO ENERGY

General Information

Continued.

Details of any matter or circumstance that has arisen since the end of the Reporting Year that has significantly affected, or may significantly affect: **(i) Komo Energy's operations in future financial years; or** **(ii) the results of those operations in future financial years; or** **(iii) Komo Energy's state of affairs in future financial years;**	The extended lockdowns impacting NSW and Victoria in response to the Coronavirus (COVID-19) pandemic) had a significant impact on Komo Energy's ability to prosecute the development of its project pipeline, with Komo Energy's own staff, consultants and contractors having been materially impacted by home-schooling requirements and travel restrictions. While, as at the date of the Directors' Report, these restrictions are being eased, the full impact on the projects is not yet understood. Market conditions for the construction of solar farms and battery energy storage systems have tightened further due to world demand for steel, aluminum, copper and solar modules and rising shipping rates, seeing cost increases. This factor in isolation reduces the commercial viability of solar farm projects. While these cost factors are cyclical, they impact the progress of Komo Energy's projects at this moment and require Komo Energy to work with investors and funders, contractors and suppliers to determine the optimal timing for the projects in light of current and expected future cost structures. Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of Komo Energy, to affect significantly the operations of Komo Energy, the results of those operations, or the state of affairs of Komo Energy in subsequent financial years.	Section 209(1)(d) of the *Corporations Act 2001* (Cth)

KOMO ENERGY

General Information

Continued.

Likely developments in Komo Energy's operations in future financial years and the expected results of those operations	Komo Energy expects that the wholesale market value of solar energy in its core market of NSW will recover once further coal-fired power stations close in that NEM segment. Komo Energy expects that the world market prices for steel, aluminum, copper and solar modules and shipping rates will soften in the future. These expected development will improve project economics and improve operational outcomes for Komo Energy. The exact timing and quantum of those outcomes cannot be determined at this stage.	Section 209(1)(e) of the *Corporations Act 2001* (Cth)
Komo Energy's performance in relation to environmental regulation	Individual projects of Komo Energy may be subject to environmental regulation. Given that none of the projects have commenced construction, the impact of those environmental regulations have not yet been felt. As at the date of Directors' Report and to the best of Komo Energy's knowledge, its operations have been and remain fully compliant with environmental regulation.	Section 209(1)(f) of the *Corporations Act 2001* (Cth)

KOMO ENERGY

Part B – Specific Information

Specific Information

This section provides specific information about Komo Energy's operations and activities.

Name of each person who has been a director of the Company at any time during or since the end of the Reporting and the period for which they were a director	Jonathan Edward Prendergast was a director during the Reporting Period and since the end of the Reporting Period to the date of this Directors' Report. Jonathan was appointed as a director on 22 March 2017. Gerald Arends was a director during the Reporting Period and since the end of the Reporting Period to the date of this Directors' Report. Gerald was appointed as a director on 10 May 2017.	Section 300(1)(c) of the *Corporations Act 2001* (Cth)

KOMO ENERGY

Specific Information

Continued.

Indemnities given and insurance premiums paid during or since the end of the Reporting Period for a person who is or has been an officer.	On 9 November 2020, the Company entered into a Deed of Indemnity with each of Jonathan Edward Prendergast (director) and Gerald Arends (director). Under these Deeds of Indemnity, the Company must indemnify the directors for any loss which the directors may incur, or be liable for, arising from, or in connection with, the directors' position as an officer of the Company. The Deeds of Indemnity do not apply to the extent that such an indemnity is prohibited by law, including (amongst others) the prohibitions under section 199A of the *Corporations Act 2001* (Cth). The Company has not made any payment under the Deeds of Indemnity nor taken any other action to indemnify either of the directors. Under the Deeds of Indemnity, the Company is required to procure directors' liability insurance. However, to-date, the Company has not yet procured any directors' liability insurance or paid any insurance premiums for such insurance.	Section 300(1)(g), section 300(8) and section 300(9) of the *Corporations Act 2001* (Cth)

KOMO ENERGY

Specific Information

Continued.

Items on which the Company has nothing to report	The Company has nothing to report against the following requirements: • section 300(1)(a) of the *Corporations Act 2001* (Cth) • section 300(1)(b) of the *Corporations Act 2001* (Cth) • section 300(1)(ca) of the *Corporations Act 2001* (Cth) • section 300(1)(d) of the *Corporations Act 2001* (Cth) • section 300(1)(e) of the *Corporations Act 2001* (Cth) • section 300(1)(f) of the *Corporations Act 2001* (Cth) • section 300(1)(ca) of the *Corporations Act 2001* (Cth) • section 300(14) of the *Corporations Act 2001* (Cth) • section 300(15) of the *Corporations Act 2001* (Cth)	

KOMO ENERGY

Part C – Consolidated Financial Statements

Komo Energy Pty Ltd & its Controlled Entities

ABN 16 618 126 622

Financial Report

For the year ended
30 June 2021

2021

Contents

The directors present their report on the consolidated entity consisting of Komo Energy Pty Ltd ("the Company") and its Controlled Entities (collectively "the Group") for the financial year ended 30 June 2021.

Directors

The names of the directors in office at anytime during or since the end of the year are:

- Jonathan Edward Prendergast
- Gerald Arends

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

Review of Operations

The profit of the Group for the financial year after providing for income tax amount is $29,971 (2020: $126,676 loss). A review of operations of the Group during the year and the results of those operations found that during the year, the Group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant Changes in the State of Affairs

No significant changes in the Group's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the Group involves accelerating the growth of renewable energy in Australia by helping regional communities to develop mid-scale solar projects.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

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

Likely Developments in Operations and Expected Results of Operations

Likely developments in the operations of the Group 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 Group.

Options

No options over issued shares or interests in the Group were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been called upon or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Group.

Proceedings on behalf of the Company

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

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

Director ______________________ Dated this 23 Day of November 2021

Gerald Arends

Director ______________________ Dated this 23 Day of November 2021

Jonathan Edward Prendergast

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 $	2020 $
INCOME			
Revenue	2	741,094	24,020
Interest income	2	123	37
TOTAL INCOME		741,217	24,057
EXPENSES			
Project expenses		(523,673)	-
Administrative expenses		(71,126)	(150,733)
TOTAL EXPENSES		(594,799)	(150,733)
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSES		146,418	(126,676)
Income tax expense relating to ordinary activities	3	(116,447)	-
PROFIT / (LOSS) FOR THE YEAR		29,971	(126,676)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		29,971	(126,676)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTE	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	388,936	390
Trade and other receivables	5	88,011	5,500
TOTAL CURRENT ASSETS		476,947	5,890
NON-CURRENT ASSETS			
Deferred tax asset	3	8,349	-
TOTAL NON-CURRENT ASSETS		8,349	-
TOTAL ASSETS		485,296	5,890
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	26,229	(930)
Accruals	7	6,500	-
Current tax liabilities		124,126	-
TOTAL CURRENT LIABILITIES		156,855	(930)
NON-CURRENT LIABILITIES			
Related Party Borrowings	8	137,874	129,913
TOTAL NON-CURRENT LIABILITIES		137,874	129,913
TOTAL LIABILITIES		294,729	128,983
NET ASSETS		190,567	(123,093)
EQUITY			
Share Capital	10	283,689	-
Retained Earnings		(93,122)	(123,093)
TOTAL EQUITY		190,567	(123,093)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	ISSUED CAPITAL $	RETAINED EARNINGS $	TOTAL $
Balance at 1 July 2019	-	3,583	3,583
Total Profit / (Loss) for the period	-	(126,676)	(126,676)
BALANCE AT 30 JUNE 2020	-	(123,093)	(123,093)
Balance at 1 July 2020	-	(123,093)	(123,093)
Share issue (Net of transaction costs)	283,689	-	283,689
Total Profit / (Loss) for the period	-	29,971	29,971
BALANCE AT 30 JUNE 2021	283,689	(93,122)	190,567

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		732,692	18,520
Payments to suppliers and employees		(635,249)	(153,208)
Interest received		123	37
Income tax paid		(670)	-
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	9	96,896	(134,651)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds / (repayment) of loans with associated entities		7,961	119,913
Proceeds from issue of shares		283,689	-
NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES		291,650	119,913
Net increase / (decrease) in cash held		388,546	(14,738)
Cash at beginning of financial year		390	15,128
CASH AT END OF FINANCIAL YEAR	4	388,936	390

The accompanying notes form part of these financial statements.

The financial report is the consolidated financial of Komo Energy Pty Ltd and its controlled entities ("the Group"). Komo Energy Pty Ltd is a Group limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements were authorised for issue on 23 November 2021 by the directors of the Group.

1. Summary of Significant Accounting Policies

Basis of Preparation

The Group applies Australian Accountings Standard – Reduced Disclosure Requirements as set out in AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* and other applicable Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

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. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Principles of Consolidation

The general purpose consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Komo Energy Pty Ltd) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in this note.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intergroup transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income.

Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

The consolidated entities include:

	2021	2020
1. Komo Energy Pty Ltd (Parent)	100%	100%
2. Komo Service Pty Ltd	100%	-
3. Komo Energy (Connection Assets) Pty Ltd	100%	100%
4. Goulburn Community Solar Pty Ltd	100%	100%
5. Grong Grong Solar 1 Pty Ltd	100%	100%
6. Grong Grong Solar 2 Pty Ltd	100%	100%
7. Northern Rivers Community Solar 1 Pty Ltd *Applied for voluntary deregistration on 9 November 2021.*	100%	100%
8. Gloucester Solar Project 1 Pty Ltd	100%	-

(b) Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income). The Group applies the mutuality principle for income tax purposes.

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to/(recovered from) the Australian Tax Office (ATO) using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax assets and liabilities are offset where:

a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable Group or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Financial Instruments

Initial recognition and measurement

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

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

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

(i) Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income. A financial liability cannot be reclassified.

(ii) Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss

On the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit or loss.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

(iii) Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity uses the following approach to impairment, as applicable under AASB 9:

- the simplified approach.

(v) Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit losses at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15: Revenue from Contracts with Customers, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss.

(vi)Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of Employee Benefits

(d) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired.

The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in *AASB 116: Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash at bank accounts.

(f) Revenue and Other Income

Government Grants

When the company receives operating grant revenue, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the company:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the company:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer)
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the company recognises income in profit or loss when or as it satisfies its obligations under the contract.

Project Development

Revenue from contracts with customers is recognised over time on the basis that the Group transfers control and satisfies its performance obligation over the period of the contract.

Revenue is recognised by measuring the progress towards satisfaction of that performance obligation using the proportion of actual goods or services transferred to date as compared to the remaining goods or services promised under the contract (output method).

Interest Income

Interest income is recognised using the effective interest method

(g) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(h) for further discussion on the determination of impairment losses.

(h) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(i) Goods and Services Tax (GST)

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

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 ATO is included with other receivables or payables in the 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(j) Comparative Figures

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

(k) Critical Accounting Estimates and Judgements

The board evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Assumptions (COVID-19)

The board and management have considered the impact of COVID-19 in the preparation of the financial report, and, in particular, its impact on the following areas:

- appropriateness of the going concern basis of preparation;
- the recoverability of receivables; and
- the risk of impairment property, plant and equipment.

The following assumptions have been made:

- that government and landlord assistance will continue in quantum and duration in accordance with official announcements made by the various levels of governments (regardless of whether such assistance directly or indirectly affects the Group);
- that border closures will remain in place to 2021 as indicated by the Federal Government (regardless of whether border closures directly or indirectly affect the Group); and
- that the macroeconomic uncertainties created by COVID-19, which include the restrictions on movement, a contraction in discretionary consumer spending and capital expenditure as well as constraints on the supply of goods and services, are not such as to cast doubt on the appropriateness of the going concern basis, the recoverability and valuation of assets in the financial report.

		NOTE	2021 $	2020 $
2.	REVENUE			
	Rendering of services – government grants		480,000	10,000
	Rendering of services – reimbursement of development expenses		108,934	-
	Rendering of services – project development		15,000	-
	Rendering of services – professional services		127,160	14,020
	TOTAL RENDERING OF SERVICES REVENUE		731,094	24,020
	Interest income		123	37
	Jobkeeper COVID-19 Cashflow Boost		10,000	-
	TOTAL INTEREST INCOME		10,123	37
	TOTAL REVENUE		741,217	24,057
A)	TIMING OF REVENUE RECOGNITION			
	Products and services transferred to customers:			
	- At a point in time		741,217	24,057
3.	INCOME TAX EXPENSE			
	The components of tax expense comprise			
	Current tax		124,796	-
	Deferred tax		(8,349)	-
	The prima facie tax on profit from ordinary activities before tax is reconciled to income tax as follows:			
	Tax payable on (loss)/profit before tax at 26%		-	-
	Less: Timing differences		(8,349)	-
	Add: Permanent differences		124,796	-
	PRIMA FACIE INCOME TAX ATTRIBUTABLE TO ENTITY		116,447	-

		NOTE	2021 $	2020 $
4.	CASH AND CASH EQUIVALENTS			
	Cash at bank		388,936	390
	TOTAL CASH AND CASH EQUIVALENTS		388,936	390
5.	TRADE AND OTHER RECEIVABLES			
	CURRENT			
	Trade receivables		88,011	5,500
	TOTAL TRADE AND OTHER RECEIVABLES		88,011	5,500
6.	TRADE AND OTHER PAYABLES			
	CURRENT			
	Trade payables		12,988	4,496
	GST		3,439	(5,420)
	Resident withholdings tax		(6)	(6)
	Other payables		9,808	-
	TOTAL TRADE AND OTHER PAYABLES		26,229	(930)
7.	ACCRUALS			
	Audit fee accrual		6,500	-
8.	RELATED PARTY TRANSACTIONS			
A)	KEY MANAGEMENT PERSONNEL			
	Key management personnel		34,667	-
B)	TRANSACTIONS WITH RELATED PARTIES			
	Expenses paid to Jonathan Prendergast		748	993
	Expenses paid to Gerald Arends		797	1,103
	Expenses paid to Pegasus Legal Pty Ltd		76,873	1,255
	TOTAL TRANSACTIONS WITH RELATED PARTIES		78,418	3,351
C)	LOANS TO/(FROM) RELATED PARTIES			
	Opening balance		129,913	10,000
	Proceeds		22,237	120,000
	Repayments		(15,276)	(87)
	CLOSING BALANCE		136,874	129,913

		NOTE	2021 $	2020 $
9.	CASH FLOW INFORMATION			
	Reconciliation of cash flow from Operations with Profit after Income Tax			
	Profit/(Loss) after income tax		29,971	(126,676)
	Changes in assets and liabilities			
	Decrease/(Increase) in:			
	- Receivables		(82,511)	(5,500)
	Increase/(Decrease) in:			
	- Payables		27,159	(2,475)
	- Accruals		6,500	-
	Cash flow from operations		(18,881)	(134,651)
10.	ISSUED CAPITAL			
	15,405,835 fully paid ordinary shares (2020: $nil).		323,042	-
	Capital raising costs		(39,353)	-
			283,689	-

The group has authorised share capital amounting to 15,405,835 ordinary shares issued at a price up to $0.80 with all shares fully paid.

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

11. FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and loans to subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

		2021 $	2020 $
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents		388,936	390
- Trade receivables		88,011	5,500
Financial liabilities			
Financial liabilities at amortised cost:			
- Payables		26,229	(930)
Total financial liabilities		26,229	(930)

12. EVENTS OCCURING AFTER THE REPORTING PERIOD

No material events occurred after balance date and to the date of this report requiring disclosure.

13. GROUP DETAILS

The registered and principal office of the Group is:

53 Dunsmore Street

Kelvin Grove, QLD, 4059

DIRECTOR'S DECLARATION

FOR THE YEAR ENDED 30 JUNE 2021

In accordance with a resolution of the directors of Komo Energy Pty Ltd, the directors of the Group declare that:

1. The financial statements and notes, as set out on pages 3- 18, are in accordance with the *Corporations Act 2001* and:
    (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
    (b) give a true and fair view of the Group's financial position as at 30 June 2021 and of its income statement for the year ended on that date of the Consolidated Group.
2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Director ____________________ Dated this 23 Day of November 2021

Gerald Arends

Director ____________________ Dated this 23 Day of November 2021

Jonathan Edward Prendergast


KOMO
ENERGY