Merredin Energy Holdings Pty Ltd

ABN: 80 146 779 053

Consolidated Financial report

For the year ended 30 June 2024

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MERREDIN ENERGY HOLDINGS PTY LTD
ABN: 80 146 779 053

DIRECTORS' REPORT

The directors present their report together with the financial report of Merredin Energy Holdings Pty Ltd, the "company" and its controlled entity, the "group", for the year ended 30 June 2024 and auditor's report thereon.

Directors names

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

Wacek Lipski	(appointed 3 September 2024)
Kelvin Wong	
Neil Brown	
Stephen Panizza	
James Hann	(resigned 6 August 2024)

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

Results

The profit of the group for the year after providing for income tax amounted to $1,711,000 (2023: $2,534,000).

Review of operations

The group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements. As at 30 June 2024 the group is in a net current liability position, however based on the current cashflow and operations post reporting date there is no reason to believe that the group will have difficulties in settling its debt as they fall due.

Significant changes in state of affairs

There have been no significant changes in the group's state of affairs during the financial year.

Principal activities

The principal activity of the group during the year was the operation of an 82 Megawatt ("MW") reserve capacity power station at Robartson Road, Merredin, Western Australia with the purpose of being available for use when shortfalls occur within the current operating electricity network.

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

DIRECTORS' REPORT

After balance date events

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

The group expects to maintain the present status and level of operations.

Environmental regulation

The group is subject to a range of environmental legislation and regulations. There were no significant breaches of any requirements during the financial year.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The Directors have considered and assessed that the group did not have any reportable emissions during commercial operations in the year ended 30 June 2024.

Dividends paid, recommended and provided for

Dividends paid since the start of the financial year were $3,132,000 (2023: $2,121,000).
Dividends provided for and not paid at the end of the financial year was $700,000 (2023: $196,000).

Options

No options over unissued shares or interests in the group were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

The company maintained its own Directors and Officers Indemnity during the financial year against certain personal liabilities which they may incur in the performance of their duties as directors and officers where those directors and officers acted in good faith. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium. Except for the above, during the financial year and subsequent to 30 June 2024, no person has been indemnified nor has the company or a related body corporate of the company made an agreement for indemnifying any person who is or has been an officer of the company or of a related body corporate.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the group.

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the group

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.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Signed on behalf of the board of directors.

Director: ______________________________

Stephen Panizza

Dated 31 October 2024

Auditor's Independence Declaration

As lead auditor for the audit of Merredin Energy Holdings Pty Ltd and its controlled entities for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence provisions APES 110 *Code of Ethics for Professional Accountants* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Merredin Energy Holdings Pty Ltd and the entities it controlled during the period.

Trevor Johnston

Trevor Johnston
Partner
PricewaterhouseCoopers

Melbourne
31 October 2024

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MERREDIN ENERGY HOLDINGS PTY LTD
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 $ '000	2023 $ '000
Revenue and other income			
Revenue from contracts with customers	4	11,566	10,951
Other income	5	95	48
		11,661	10,999
Less: expenses			
Consultancy and advisory expenses		(56)	(96)
Depreciation expense	6	(2,742)	(2,770)
Finance costs	6	(1,480)	(1,498)
Insurance expenses		(393)	(361)
Materials and consumables used		(1,707)	(650)
Operations and maintenance		(713)	(561)
Transmission expenses and fees		(965)	(860)
Other expenses	6	(1,330)	(867)
		(9,386)	(7,663)
Profit before income tax expense		2,275	3,336
Income tax expense	7	(564)	(802)
Net profit from continuing operations		1,711	2,534
Other comprehensive income for the year		-	-
Total comprehensive income		1,711	2,534

The accompanying notes form part of these consolidated financial statements.

MERREDIN ENERGY HOLDINGS PTY LTD
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	2024 $ '000	2023 $ '000
Current assets			
Cash and cash equivalents	8	1,189	396
Receivables	9	629	2,937
Inventories	10	1,184	1,160
Current tax assets	7	16	-
Other assets	14	222	292
Total current assets		3,240	4,785
Non-current assets			
Financial assets	11	2,729	3,504
Property, plant and equipment	12	42,848	45,382
Intangible assets	13	561	561
Other assets	14	130	130
Total non-current assets		46,268	49,577
Total assets		49,508	54,362
Current liabilities			
Current tax liabilities	7	-	209
Payables	15	1,027	754
Borrowings	16	3,274	3,239
Provisions	17	700	196
Total current liabilities		5,001	4,398
Non-current liabilities			
Deferred tax liabilities	7	1,457	1,715
Borrowings	16	25,065	28,339
Total non-current liabilities		26,522	30,054
Total liabilities		31,523	34,452
Net assets		17,985	19,910
Equity			
Share capital	18	31,147	31,147
Accumulated losses	19	(13,162)	(11,237)
Total equity		17,985	19,910

MERREDIN ENERGY HOLDINGS PTY LTD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Share capital $ '000	Reserves $ '000	Accumulated losses $ '000	Total equity $ '000
Consolidated				
Balance as at 1 July 2022	31,147	-	(11,921)	19,226
Profit for the year	-	-	2,534	2,534
Total comprehensive income for the year	-	-	2,534	2,534
Transactions with owners in their capacity as owners:				
Dividends	-	-	(1,850)	(1,850)
Total transactions with owners in their capacity as owners	-	-	(1,850)	(1,850)
Balance as at 30 June 2023	31,147	-	(11,237)	19,910
Balance as at 1 July 2023	31,147	-	(11,237)	19,910
Profit for the year	-	-	1,711	1,711
Total comprehensive income for the year	-	-	1,711	1,711
Transactions with owners in their capacity as owners:				
Dividends	-	-	(3,636)	(3,636)
Total transactions with owners in their capacity as owners	-	-	(3,636)	(3,636)
Balance as at 30 June 2024	31,147	-	(13,162)	17,985

The accompanying notes form part of these consolidated financial statements.

MERREDIN ENERGY HOLDINGS PTY LTD
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 $ '000	2023 $ '000
Cash flow from operating activities			
Receipts from customers and net fuel tax credits including GST		15,047	10,866
Payments to suppliers including GST		(5,243)	(4,269)
Interest and finance costs paid		(1,080)	(1,146)
Income tax paid		(1,047)	-
Net cash provided by operating activities	20(b)	7,677	5,451
Cash flow from investing activities			
Payment for property, plant and equipment		(208)	(139)
Net cash used in investing activities		(208)	(139)
Cash flow from financing activities			
Repayment of borrowings		(3,544)	(3,699)
Dividends paid		(3,132)	(2,121)
Net cash used in financing activities		(6,676)	(5,820)
Reconciliation of cash			
Cash at beginning of the financial year		396	904
Net increase/(decrease) in cash held		793	(508)
Cash at end of financial year	20(a)	1,189	396

The accompanying notes form part of these consolidated financial statements.

NOTE 1: BASIS OF PREPARATION

General information

The directors have determined that the group is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report,which has been prepared for use by the directors and members of the group.

The financial report covers Merredin Energy Holdings Pty Ltd and its controlled entity. Merredin Energy Holdings Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Merredin Energy Holdings Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, with the exception of AASB137 Provisions, Contingent Liabilities and Contingent Assets specifically relating to the provision for dividends, and the disclosure requirements of:

AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1054:	Australian Additional Disclosures

Rounding of Amounts

The amounts in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. As at 30 June 2024 the group is in a net current liability position, however based on the current cashflow and operations post reporting date there is no reason to believe that the group will have difficulties in settling its debt as they fall due.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the group's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 3 to the financial statements.

Accounting policies

The following accounting policies have been applied in the preparation and presentation of the financial report.

NOTE 1: BASIS OF PREPARATION (CONTINUED)

(a) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is obtained by the group and are de-recognised from the date that control ceases.

(b) Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of capacity credit refunds and duties and taxes paid.

The group recognises reserve capacity revenue once certification has been received from the Australian Energy Market Operator (AEMO) of the approved certified reserve capacity. Certification is provided by AEMO two years in advance after the group as demonstrated it passes the necessary tests and has the necessary contracts and agreements in place. Once the group's reserve capacity is verified revenue can be recognised, as it becomes reliably measured and probable that future economic benefits will flow to the entity. Bilateral agreements to supply certified reserve capacity to other market participants does not change the amount of revenue recognised by the group.

Certified capacity is tested at least biannually through independent measurement and verification testing conducted in the winter and summer. The group may receive additional revenue as part of this testing for any energy output produced from the testing traded on the Balancing Market ("BM").

Revenue is measured based on the reserve capacity price per MW per year established by AEMO from 1 October to 30 September of the following year (the Reserve Capacity Year). Energy generated to the BM or the Short Term Energy Market ("STEM") is paid at current market rates.

The group may also choose to offer energy to the market or the group may be called on to offer capacity to the market for capacity not already contracted.

Where the group is unable to offer its certified capacity to the market without an approved outage, the group will incur refunds. The value of the refunds will be calculated per AEMO calculation rules.

Additionally, the group may also be called to generate electricity to support the grid under duress, under these circumstances the group will be paid for the energy it generates in addition to the capacity payments it receives.

All revenue is measured net of the amount of goods and services tax (GST).

NOTE 1: BASIS OF PREPARATION (CONTINUED)

(c) Other income

Interest

Interest revenue is measured in accordance with the effective interest method.

(d) Finance costs

Borrowing costs include interest expense calculated using the effective interest method, borrowing costs incurred in establishing new debt facilities, finance charges in respect of lease arrangements, and any exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs are capitalised and amortised over the lesser of 5 years or the term of the loan.

Finance costs are expensed as incurred.

NOTE 1: BASIS OF PREPARATION (CONTINUED)

(e) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation

The parent entity, Merredin Energy Holdings Pty Ltd, and its subsidiary have implemented the tax consolidation legislation and have formed a tax-consolidated group. The parent entity and subsidiary in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the parent entity assumes the current tax liability and any deferred tax assets relating to tax losses, arising in the subsidiary, and recognises a contribution to (or distribution from) the subsidiaries.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group, arising under the joint and several liability provisions of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

NOTE 1: BASIS OF PREPARATION (CONTINUED)

(f) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs of disposal and value in use (where 'value in use' is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, short-term deposits with an original maturity of three months or less, and bank overdrafts.

NOTE 1: BASIS OF PREPARATION (CONTINUED)

(h) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

(i) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of profit or loss and other comprehensive income and are included in other income or other expenses.

(j) Debt forgiveness

Intragroup debt forgiveness transactions are tested in accordance with their substance, and are classified as transactions with owners when they are completed on a non arm's length basis. Any gains or losses on consummation of these transactions are taken directly to equity.

(k) Property, plant and equipment

Each class of property, plant and equipment is measured at cost less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Land

Freehold land is measured on a cost basis.

Plant and equipment

Plant and equipment is measured on a cost basis.

Depreciation

Land is not depreciated. All other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

NOTE 1: BASIS OF PREPARATION (CONTINUED)

(k) Property, plant and equipment (Continued)

Class of fixed asset	Useful life	Depreciation basis
Plant and equipment	2-40 years	Straight line

(l) Intangible assets

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(m) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(o) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTE 1: BASIS OF PREPARATION (CONTINUED)

(p) Contributed equity

Ordinary share capital is recorded at the fair value of the consideration received. The costs of issuing securities are charged against the share capital net of any income tax benefit. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders. Dividends are recognised as a liability in the period in which they are declared. When share capital recognised as equity is repurchased, the fair value of the consideration paid, including directly attributable costs, is recognised as a deduction in comprehensive income, net of any tax.

(q) Dividends

A provision is made for the amount of any dividend proposed on or before the date of signing of the financial report but not distributed at the end of the reporting period.

(r) Financial instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the group's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the group are subsequently measured at amortised cost.

NOTE 1: BASIS OF PREPARATION (CONTINUED)

(s) Provisions

Provisions are recognised when the group 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.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(t) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

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

(u) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the group. The group has decided not to early adopt any of these new and amended pronouncements. The group's assessment of the new and amended pronouncements that are relevant to the group but applicable in future reporting periods is set out below.

AASB 2020-1: Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current (applicable for annual reporting periods commencing on or after 1 January 2024)

AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

A liability will be classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. Meaning of settlement of a liability is also clarified.

AASB 2020-1 mandatorily applies to annual reporting periods beginning on or after 1 January 2024 (as amended by AASB 2022-6 and AASB 2020-6). The amendment will first be applied by the group in the financial year commencing 1 July 2024.

The adoption of this standard is not expected to have on initial application a material impact on the group’s financial statements.

AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants (applicable for annual reporting periods commencing on or after 1 January 2024)

AASB 2022-6 amends AASB 101 *Presentation of Financial Statements* to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity’s right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.

Practice Statement 2 *Making Materiality Judgements* is also amended regarding assessing whether information about covenants is material for disclosure.

AASB 2022-6 also amends AASB 2020-1 by deferring the application date by 12 months.

This amending standard mandatorily applies to annual reporting periods commencing on or after 1 January 2023 regarding the deferred application date of AASB 2020-1 and the remaining amendments to disclosures apply to annual reporting periods commencing on or after 1 January 2024. This amendment to disclosures will be first applied by the group in the financial year commencing 1 July 2024.

The adoption of this standard is not expected to have on initial application a material impact on the group’s financial statements.

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

AASB 2023-3: Amendments to Australian Accounting Standards - Disclosure of Non-current Liabilities with Covenants: Tier 2 (applicable to annual reporting periods commencing on or after 1 January 2024)

AASB 2023-2 amends AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* to clarify the criteria for classifying a liability as current or non-current and improve the information disclosed in financial statements about certain non-current liabilities with covenants.

The amendments are consistent with amendments made to AASB 101 *Presentation of Financial Statements* by AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current* and AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*.

This amending standard mandatorily applies to annual reporting periods commencing on or after 1 January 2024 and will be first applied by the Groupgroup in the financial year commencing 1 July 2024.

The adoption of this standard is not expected to have on initial application a material impact on the group's financial statements.

AASB 18: Presentation and Disclosures in Financial Statements

AASB 18 replaces AASB 101 *Presentation of Financial Statements* to improve how entities communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss and other comprehensive income.

They key presentation and disclosure requirement of AASB 18 are:

- the presentation of newly defined subtotals in the statement or profit or loss and other comprehensive income, and the classification of income and expenses into operating, investing and financing categories;
- the disclosure of management-defined performance measures; and
- enhanced requirements for grouping (aggregation and disaggregation) of information.

AASB 18 mandatorily applies to annual reporting periods commencing on or after 1 January 2027 and will be first applied by the group in the financial year commencing 1 July 2027.

The directors of the group has not yet determined the likely impact of the initial application of this standard on its financial statements.

NOTE 3: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment of goodwill

Goodwill is allocated to a cash generating unit or units (CGUs) according to management's expectations regarding which assets will be expected to benefit from the synergies arising from the business combination that gave rise to the goodwill. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a minimum period of 1 year (maximum of five years). Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

The carrying amount of goodwill at 30 June 2024 was $561,000 (2023: $561,000) and no impairment was recognised for the year ended 30 June 2024 (2023: $nil).

(b) Impairment of non-financial assets other than goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity. Impairment triggers include declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment and future product expectations. If an indicator of impairment exists the recoverable amount of the asset is determined.

The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management based on past performance and its expectation for the future and reflect the long term nature of the investments. The forecasts include assumptions related to the growth in revenue, operating expenditure and capital expenditure. The estimated future cash flows are discounted to their present value using a discount rate appropriate for that asset or cash generating unit.

These assumptions are subject to risk and uncertainty. Hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the asset or CGU.

NOTE 3: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Income tax

The group is subject to income tax legislation in Australia. Judgement is required in determining the provision for income taxes. There are transactions and calculations undertaken the ordinary course of business for which the ultimate determination is uncertain.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits be available to utilise those temporary differences and tax losses and the tax losses continue to be available.

Assumptions are made about the application of income tax legislation. These assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances will alter expectations which may impact the amount of deferred tax assets and deferred tax liabilities recorded in the statement of financial position and the amount of tax losses and timing differences not yet recognised. In these circumstances, the carrying amount of deferred tax assets and liabilities may change, impacting the profit or loss of the group.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

	2024 $ '000	2023 $ '000
NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS		
Revenue from contracts with customers	11,566	10,951
NOTE 5: OTHER INCOME		
Interest income	95	48

	2024 $ '000	2023 $ '000
NOTE 6: OPERATING PROFIT		
Profit before income tax has been determined after:		
Finance costs		
- Interest expense	1,155	1,181
- Finance costs	20	13
- Amortisation of capitalised borrowing costs	305	304
	1,480	1,498
Depreciation		
- Plant and equipment	2,742	2,770
Other expenses		
- Loss on movement in derivatives	775	371
- Other expenses	555	496
	1,330	867
Fees		
- Management fees	300	248
	$	**$**
Remuneration of auditors for:		
- Audit of financial statements	41,551	40,448

NOTE 7: INCOME TAX

(a) Components of tax expense/(benefit)

	2024 $ '000	2023 $ '000
Current tax	824	209
Deferred tax	(258)	593
	566	802

NOTE 7: INCOME TAX (CONTINUED)

(b) Income tax reconciliation

	2024 $ '000	2023 $ '000
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before income tax at 25% (2023: 25%)	569	835
Add tax effect of:		
- Over provision for income tax in prior year	(3)	(33)
- Impact of change in tax rates on deferred tax assets	-	-
Income tax expense attributable to profit	566	802

(c) Current tax

Current tax relates to the following:

	2024 $ '000	2023 $ '000
Current tax liabilities		
Opening balance	209	-
Income tax	824	925
Tax payments	(1,047)	-
Utilisation of prior year losses	-	(716)
Current tax liabilities	(14)	209

(d) Deferred tax

Deferred tax relates to the following:

	2024 $ '000	2023 $ '000
Deferred tax assets		
The balance comprises:		
Accruals	70	27
	70	27
Deferred tax liabilities		
The balance comprises:		
Depreciation	759	786
Fair value of derivatives	682	876
Other	86	80
	1,527	1,742
Net deferred tax liabilities	(1,457)	(1,715)

	2024 $ '000	2023 $ '000
NOTE 8: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	1,189	396
NOTE 9: RECEIVABLES		
Trade debtors	262	2,586
Other receivables	367	351
	629	2,937
NOTE 10: INVENTORIES		
Fuel - Diesel	342	324
Spare parts and consumables	842	836
	1,184	1,160
NOTE 11: FINANCIAL ASSETS		
Derivative instruments at fair value through profit and loss		
Interest rate swap contracts	2,729	3,504

	2024 $ '000	2023 $ '000
NOTE 12: PROPERTY, PLANT AND EQUIPMENT		
Land		
At cost	205	205
Plant and equipment		
At cost	80,272	80,022
Less accumulated depreciation	(37,629)	(34,888)
	42,643	45,134
Capital work in progress	-	43
Total plant and equipment	42,643	45,177
Total property, plant and equipment	42,848	45,382
(a) Reconciliations		
Land		
Opening carrying amount	205	205
Closing carrying amount	205	205
Plant and equipment		
Opening carrying amount	45,134	47,765
Additions	208	139
Transfer from work in progress	43	-
Depreciation expense	(2,742)	(2,770)
Closing carrying amount	42,643	45,134
Capital work in progress		
Opening carrying amount	43	-
Additions	-	43
Transfer to plant and equipment	(43)	-
Closing carrying amount	-	43
Total property, plant and equipment		
Opening carrying amount	45,382	47,970
Additions	208	182
Depreciation expense	(2,742)	(2,770)
Closing carrying amount	42,848	45,382

	2024 $ '000	2023 $ '000
NOTE 13: INTANGIBLE ASSETS		
Goodwill	561	561
NOTE 14: OTHER ASSETS		
CURRENT		
Prepayments	222	292
NON CURRENT		
Bond deposits on trust	130	130
NOTE 15: PAYABLES		
Unsecured liabilities		
Trade creditors	588	569
Sundry creditors and accruals	439	185
	1,027	754
NOTE 16: BORROWINGS		
CURRENT		
Secured liabilities		
Bank loans	3,274	3,239
NON CURRENT		
Secured liabilities		
Bank loans	25,065	28,339

(a) Finance facilities & capitalised borrowing costs

The Group finance facilities were refinanced in May 2020 for an 11 year term expiring in 2031. The total facility amount at 30 June 2024 of $28,605,000 has principal and interest payments being made on a quarterly basis through to maturity.

Interest is payable on the balance of the loan at an interest rate equal to the applicable margin plus Bank Bill Swap Bid Rate (BBSY). The margin for the facility is 2.2% per annum.

Borrowing costs capitalised at 30 June 2024 total $265,889 (2023: $570,954).

	2024 $ '000	2023 $ '000
NOTE 17: PROVISIONS		
Dividends	700	196

	2024	2023
	$ '000	$ '000

NOTE 18: SHARE CAPITAL

Issued and paid-up capital		
22,993,901 (2023: 22,993,901) Ordinary shares	31,147	31,147

Rights of each type of share

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

At 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.

Capital management

When managing capital, management's objective is to ensure the group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

During 2024, the company declared dividends of $2,936,000 (2023: $1,654,000). At balance date, the company provided for dividends totalling $700,000 which remain unpaid (2023: $196,000).

NOTE 19: ACCUMULATED LOSSES

	Note	2024	2023
		$ '000	$ '000
Accumulated losses at beginning of year		(11,237)	(11,921)
Net profit		1,711	2,534
Dividends provided for or paid		(3,636)	(1,850)
		(13,162)	(11,237)

	2024	2023
	$ '000	$ '000

NOTE 20: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:

	2024 $ '000	2023 $ '000
Cash at bank	1,189	396

(b) Reconciliation of cash flow from operations with profit after income tax

	2024 $ '000	2023 $ '000
Profit from ordinary activities after income tax	1,711	2,534
Adjustments and non-cash items		
Amortisation of capitalised borrowing costs	305	304
Depreciation	2,742	2,770
Fair value adjustment to financial instruments	775	371
Changes in operating assets and liabilities		
(Increase)/decrease in receivables	2,308	(1,300)
(Increase)/ decrease in other assets	70	(168)
Increase in inventories	(25)	(38)
Increase/ (decrease) in payables	273	176
Increase / (decrease) in current tax liability	(224)	209
(Increase)/ decrease in deferred taxes	(258)	593
Cash flows from operating activities	7,677	5,451

NOTE 21: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

The following are the group's subsidiaries:

Subsidiaries of Merredin Energy Consolidated:	Country of incorporation	Ownership interest held by the group 2024 %	2023 %
Merredin Energy Pty Ltd	Australia	100	100

Ownership interest are the same as voting rights.

	2024	2023
	$ '000	$ '000

NOTE 22: PARENT ENTITY DETAILS

Summarised presentation of the parent entity, Merredin Energy Holdings Pty Ltd, financial statements:

(a) Summarised statement of financial position

	2024 $ '000	2023 $ '000
Assets		
Current assets	-	-
Non-current assets	37,550	35,770
Total assets	37,550	35,770
Liabilities		
Current liabilities	829	550
Non-current liabilities	-	-
Total liabilities	829	550
Net assets	36,721	35,220
Equity		
Share capital	31,147	31,147
Retained earnings	5,574	4,073
Total equity	36,721	35,220

(b) Summarised statement of profit or loss and other comprehensive income

	2024 $ '000	2023 $ '000
Profit for the year	5,137	4,698
Other comprehensive income for the year	-	-
Total comprehensive income for the year	5,137	4,698

(c) Parent entity guarantees

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 (2023: nil).

(d) Parent entity contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 (2023: nil).

(e) Parent entity contractual commitments

The parent entity had no contractual commitments as at 30 June 2024 (2023: nil).

NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2024 which has significantly affected or which may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2024, of the group, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2024, of the group.

NOTE 24: ENTITY DETAILS

The registered office of the group is:

Merredin Energy Consolidated
C/- Pitcher Partners
Level 13, 664 Collins Street
Docklands VIC, 3008

The principal place of business is:
Level 37, 360 Elizabeth Street
Melbourne VIC 3000

MERREDIN ENERGY HOLDINGS PTY LTD
ABN: 80 146 779 053

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 - 32 presents fairly the company's financial position as at 30 June 2024 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements.

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: ______________________________

Stephen Panizza

Dated this 31 day of October 2024

Independent auditor's report

To the members of Merredin Energy Holdings Pty Ltd

Our opinion

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of Merredin Energy Holdings Pty Ltd (the Company) and its controlled entities (together the Group) as at 30 June 2024 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards to the extent described in Note 1 of the financial report.

What we have audited

The financial report comprises:

- the consolidated statement of financial position as at 30 June 2024
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

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

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - basis of accounting and restriction on distribution and use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for internal purposes to assist Merredin Energy Holdings Pty Ltd and its members. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Merredin Energy Holdings Pty Ltd and its members and should not be distributed to or used by parties other than Merredin Energy Holdings Pty Ltd and its members. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, 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 through our opinion on the financial report.

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 on the other information that we obtained prior to the date of this auditor's report, 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 management and the directors for the financial report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards to the extent described in Note 1 of the financial report, and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. The directors have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members.

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

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

Trevor Johnston
Partner

Melbourne
31 October 2024