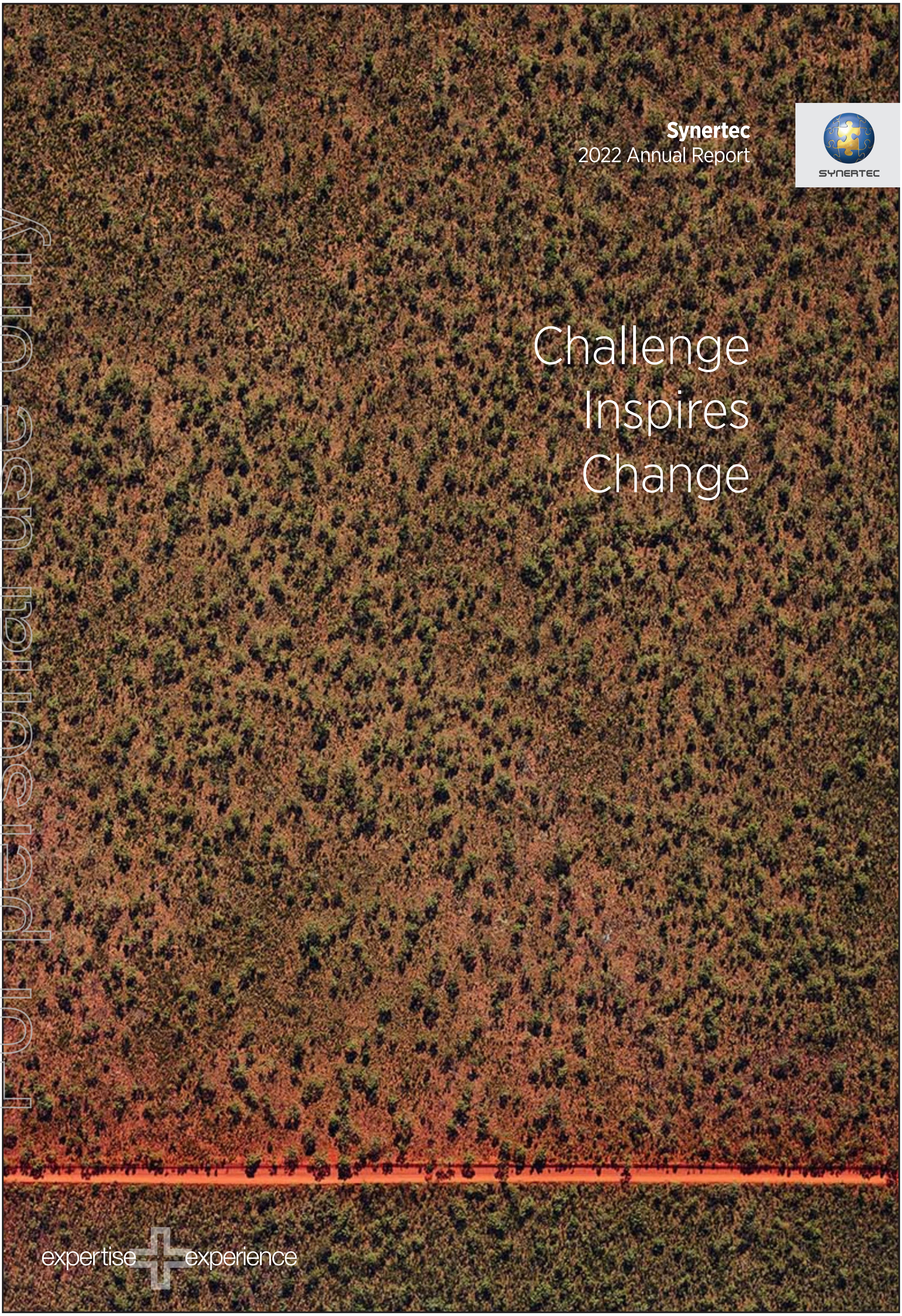


Synertec
2022 Annual Report

Challenge Inspires Change

expertise + experience

The year in brief

Powerhouse

Powerhouse achieved a number of significant milestones during FY22 including Synertec entering into a Memorandum of Understanding ("MOU") with leading independent energy producer Santos Ltd (ASX:STO) to progress the Powerhouse technology. Post the end of the year, Powerhouse successfully passed a Factory Acceptance Test (FAT) and has been mobilised to remote Queensland to commence field trials with Santos.

Custody Transfer System (CTS)

During FY22, Synertec entered into an MOU with technology partner, Gaslog, among the larger operators of LNG vessels globally.

Further, DNV approved Synertec's marine Custody Transfer System for installation on LNG vessels. DNV is the world's leading Classification Society and a recognised advisor to the maritime industry.

Composite Dry Powder (CDP)

During FY22 Synertec and GreenTech entered into a perpetual, exclusive and royalty-free Intellectual Property Licence Agreement, providing Synertec with the right to use GreenTech's Composite Dry Power technology.

With the Licence Agreement in place the Company will now look to commercialise CDP across some of the world's largest hydrocarbon markets including Australia, Canada, North America, Central America and South America.

Engineering

Several key agreements and contracts were signed during FY22, with long-time customers including CSL Limited, Pfizer, Aspen Pharmacare, and Metro Trains Melbourne. The engineering business supports the Group's Technology development, protecting valuable IP and enabling speed to market in the commercialisation process.

Contents

Challenge Inspires Change

From Chair of the Board, Mr. Dennis Lin

Amongst the focus on renewable energy in the world, our technology is unique and the first of its kind to be out in the field and ready for mass production and commercialisation.

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the 2022 Annual Report for Synertec Corporation Limited. The 2022 Financial Year ('FY') sees ongoing evolution of Synertec as we progressed our energy transition technologies towards commercialisation and marked this with formally establishing the Technology business within the Group. Along with our transition technologies, our niche engineering business continued to support a range of Tier-1, blue chip customers, delivering a growing revenue stream across our target sectors of critical infrastructure, water, advanced manufacturing and energy.

Despite further COVID-19 related disruptions and associated workplace restrictions, border closures and floods, our people have demonstrated resilience and determination to deliver innovative and commercial solutions for our customers. The Board is proud to be part of a committed team of professionals as we place increasing focus on the technology evolution of our business.

To our long-standing investors who have supported us, I extend our gratitude for your patience which has enabled us to remain focused on successfully delivering our transformative impact technology, Powerhouse, which will revolutionise the way power is delivered to industry with zero-emissions and increased human safety.

Progressing our technologies that support a world in transition

Synertec is dedicated to helping our partners reduce their carbon footprint though our strategic focus on environmentally friendly and energy efficient technologies. Technology is key to the reduction of carbon emissions and the responsible advancement of economic growth and Synertec is striving to be at the forefront of this movement.

A number of new institutional shareholders joined our share register at the successful share placement completed in August 2021, which enabled our team to rapidly accelerate the development of our technologies during the year, including our Powerhouse technology (now deployed to site and operational), the acquisition of exclusive licencing for the Composite Dry Powder technology we had piloted overseas and in Australia, and the international certification and patenting of our LNG marine Custody Transfer System technology.

Our Powerhouse technology, a unique proprietary technology owned by Synertec that allows the utilisation of renewable energy to exclusively power critical industrial applications in remote locations, rapidly progressed towards commercialisation during the year. Amongst the focus on renewable energy in the world, our technology is unique and the first of its kind to be out in the field and ready for mass production and commercialisation.

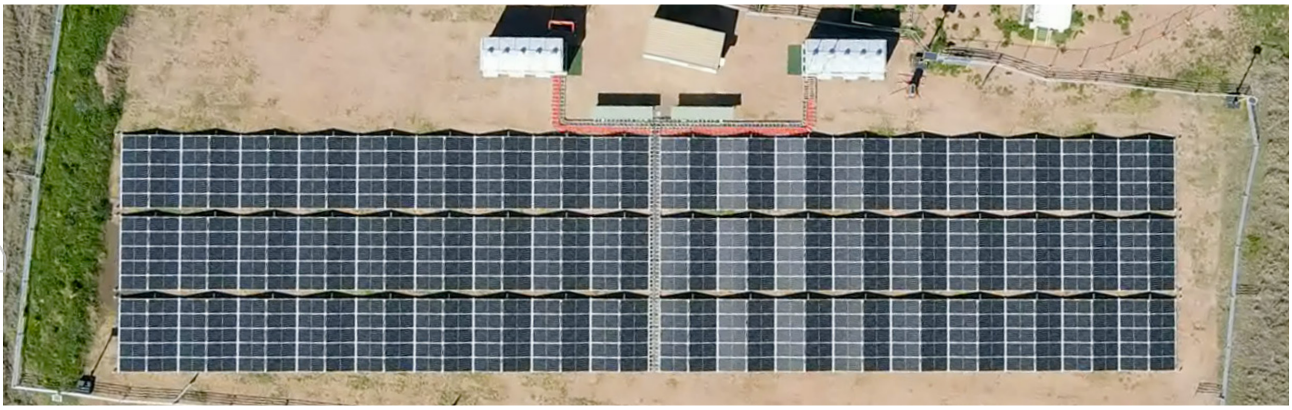


Photo: Aerial view of Synertec's Powerhouse system onsite in Central Queensland

We see a significant local and global addressable market for our Powerhouse technology where remote locations operating critical industrial equipment can benefit from a firmed base load renewable power supply. As the world continues to transition to a carbon-free future, technologies such as Powerhouse will allow our customers to achieve their decarbonisation goals and deliver significant value for our Company and our stakeholders.

Our other technologies such as the marine LNG Custody Transfer System (a measurement and metering system for the safe and accurate fiscal transfer of LNG) and Composite Dry Powder (a technology to convert hydrocarbon drilling mud into a safe and secure by-product including non-polluting building materials) continue to attract industry attention and provide a diversified approach for the future growth of the Company.

Our People, Culture, Communities, and the Environment

Sustainability remains a core part of our business and it gives me great satisfaction to deliver our first ESG Report as part of this Annual Report. I am proud of the degree to which our relatively small Company is taking a leading approach to its ESG commitments and reporting those in a constructive way throughout the organisation and to our external stakeholders by making regular ESG disclosures against the World Economic Forum ("WEF") Stakeholder Capitalism framework.

Our business would be nothing without our people. We have a large growing base of engineers and other highly skilled people, and it is a testament to the culture of the organisation, our technologies and our outlook that we are able to attract and retain some of the best talent in Australia in an exceptionally tight and competitive job market.

Ultimately what drives the success of our projects is our people. We take pride in providing opportunities to work on exciting projects that are changing the world around us and providing clear career options that attract and retain committed people. To bring out the best in those people, we are building a culture that places a high value on training, accountability and performance as well as health, safety and the environment.

Our Managing Director, Michael Carroll, will discuss the success our people are achieving and the rewards they enjoy in more detail within his letter. I'll preface his comments by saying the skills, talent and commitment of our people, as well as the progress they are making in the industries of tomorrow, bode extremely well for a successful future for Synertec.

On behalf of the Board, I would like to thank all of our people for their tremendous commitment during another challenging year for our communities.

Outlook for FY23

As we enter FY23, we do so on the verge of delivering some exciting and meaningful revenue growth as Powerhouse moves towards commercialisation and the Engineering business continues to grow. The recent share placement in September 2022, welcoming more new institutional shareholders as well as receiving further support from our existing shareholders, means we are well funded to continue to achieve our ambitions and importantly, have the internal skill-set and access to partners which will see the Group develop and protect its technologies in key markets and geographies.

I would like to recognise and thank our partners and customers for their support and loyalty to Synertec throughout the year and for the opportunities they have provided for us to continue to work together into FY23 and beyond.

Finally, I am grateful to our shareholders for supporting Synertec's vision, strategy and growth ambitions. I look forward to your continued support.

Mr. Dennis Lin
Independent Non-Executive Chair

Resolve, Resilience, Results

From Managing Director, Mr. Michael Carroll

The global focus on reducing carbon emissions presents an historic investment opportunity for Synertec's Technology and Engineering solutions.

Dear Shareholders,
Welcome to the 2022 Annual Report for Synertec Corporation Limited. During FY22 our Company made significant progress in developing our impact energy transition technologies, whilst further strengthening our foundations as an engineering service provider to our Tier-1 customer base across large global markets, and our own Technology business – enabling Synertec to prioritise, rapidly commercialise and protect its valuable intellectual property.

The global focus on reducing carbon emissions presents an historic investment opportunity for Synertec's Technology and Engineering solutions.

Financial Performance

It is with pleasure that I have had the opportunity to lead Synertec again this last financial year, continuing the rapid transformation of our business to a world-leading energy transition technology provider and establishing a firm platform for the growth and sustainability of our business. Evidence that the transformation is producing results include a 44% increase in revenue over FY21 to $12.1 million, cash receipts from customers increased by 32% to $11.8 million, a 4 percentage point uplift in gross margins and record work in hand at the end of the year.

This result was underpinned by strong growth in the engineering consultancy services revenue category to $8.8 million at improved gross margins from prior years, an increase of 88% on last year and the highest ever. Consultancy services now represents over 80% of total engineering revenue and reinforces the success of our strategy to weight engineering services towards "programs" of work with our major customers, and have less revenue derived from fixed price projects. The ongoing shift from fixed price revenue to consultancy revenue significantly de-risks the business against project cost blowouts and provides for higher margins.

While the degree of technology investment was in line with expectations announced by the Company earlier in the year, the Powerhouse development timeframe was accelerated with most of the anticipated total outlay condensed into FY22. Included in the earnings is technology Research and Development ('R&D') costs of $2.6 million, primarily for development of the Powerhouse technology, which made a significant advancement during the year progressing from concept to site-commissioned. These costs have been expensed for tax and accounting purposes, enabling the Group to achieve maximum tax credits for this expenditure which are expected to be refunded in cash to the Group following lodgement of its annual income tax return during FY23. The anticipated tax refund receivable which has been recognised is $1.1 million.

The Company is extremely pleased with the outcome of the Powerhouse technology development effort during the year and pleased to report that it has continually met its ambitious schedule of key milestones.

As a result, our workforce is continuing to grow to accommodate customer demand for Synertec's niche expertise in its key sectors of critical infrastructure, water, advanced manufacturing and energy – as well as servicing the growing needs of our Technology business. With growing revenue, stronger gross margins year-on-year and a solid work in hand position, the Engineering business is now positioned for self-sustainability. Importantly, the appointment of our General Manager Engineering and further in-house Human Resources capability will ensure talented people are recruited, developed, performing and retained.

The Adjusted EBITDA of the Group was a loss of $2.7 million (30 June 2021: $2.2 million loss). Adjusted EBITDA excludes costs which are discretionary for the purposes of exploring strategic long term strategic growth opportunities and/or activities and expenses which are not considered to be typical annual operational overheads for the business.

The Adjusted EBITDA on a like-for-like basis between the two years, excluding technology R&D costs and income, improved to a loss of $1.4 million, compared to the FY21 loss of $2.2 million, an improvement by 36%.

Engineering segment adjusted EBITDA was a loss of $0.2 million, which was a 35% improvement on the prior year. The Engineering business is now strongly positioned to be self-sustainable and prepared for further growth.

With the recent share placement in September 2022, raising $5 million (before costs), the Company is well positioned to fulfill its ambitious near-term technology development and commercialisation opportunities across large global markets.

Importantly, Synertec continues to operate with no working capital debt or covenants from its bank.

Technology Business

Synertec's Technology business continued to progress its three key environmentally targeted technology solutions to help industry transition to a zero carbon future and reduce its environmental footprint. Synertec is committed to being an impact investment for shareholders and local communities, and to ensuring the Company is supporting its partners in the collective endeavour to improve ESG performance.

Powerhouse

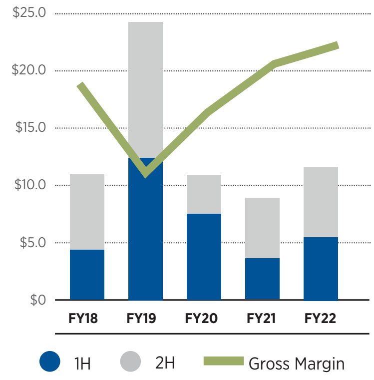
Powerhouse is a proprietary technology that is;

- A zero emission, micro-grid power system;
- Initially targeting remote industrial applications;
- Deployable and re-deployable in a matter of days;
- Cost-competitive with remote diesel/gas power generation for industrial applications; and
- A continuous and highly reliable energy solution.

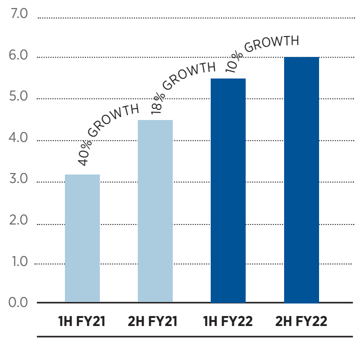
Powerhouse achieved a number of significant milestones during FY22 and since, including;

- Synertec entered into a Memorandum of Understanding ("MOU") with leading independent energy producer Santos Ltd (ASX:STO) to progress the Powerhouse technology;
- Progressed to a commercial agreement in the form of an overarching Goods and Services Contract and a Work Order for installation and field testing of the Powerhouse prototype;
- Successful Factory Acceptance Test ("FAT");
- Deployment to site in remote central Queensland to commence site acceptance testing in preparation for field trials;
- Site Acceptance Testing ('SAT'), including stress-testing of system at load settings up to 200% of typical field application, failure scenarios, maintenance practices & safety responses; and
- Coordinating site services for cutover to live field trial on Santos' plant.

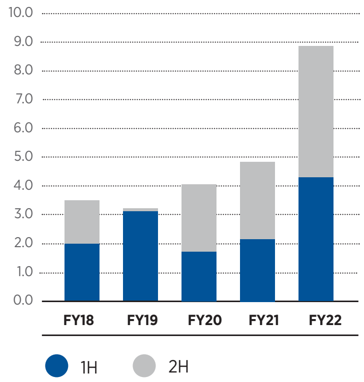
Total revenue & other Income ($m) & Gross Margin (%)



Total revenue & Other Income Growth FY21 - FY22 ($m)



Engineering Consultancy Services Revenue ($m)



We continue to work with Santos on an agreed implementation plan and detailed commercial arrangement for the supply, maintenance and operation of potential future Powerhouse units. More broadly, Synertec has identified significant opportunities for this technology for remote locations across the energy and resources industries, both nationally and globally, and we will continue to progress and prove the technology over the coming year.

Following the success of site testing and agreeing commercial terms for the prototype, Synertec started to explore the potential for Powerhouse to be more broadly applied in Australia and the USA given the strong market interest in this technology solution. As a result, Synertec has initiated market and opportunity studies within the United States market.

On 8 August 2022 the US Inflation Reduction Act was passed, which effectively committed $US369 billion (A$528 billion) over 10 years to clean energy technology development, including;

- a tax credit system;
- a new "clean energy technology accelerator" to advance renewable technologies; and
- investment funds to build clean technology manufacturing facilities.

Powerhouse is well advanced in field testing here in Australia and this further fuels our confidence to pursue in parallel the considerable market opportunities presenting in Australia and USA.

Custody Transfer System ('CTS')

During FY22, leading global marine certification body, Det Norske Veritas ('DNV'), approved Synertec's marine LNG Custody Transfer System for installation on LNG vessels.

Synertec also announced that it is partnering with GasLog on the development of the CTS technology. European-based GasLog is amongst the largest independent owners, operators and managers of LNG vessels in the world. In July 2021, GasLog signed a Heads of Agreement with Venice Energy to negotiate the charter of an LNG Floating Storage and Regasification Unit ('FSRU') for the Outer Harbour LNG Import Project in Port Adelaide, South Australia. Synertec is currently performing Front End Engineering Design (FEED) work for the project consortium.

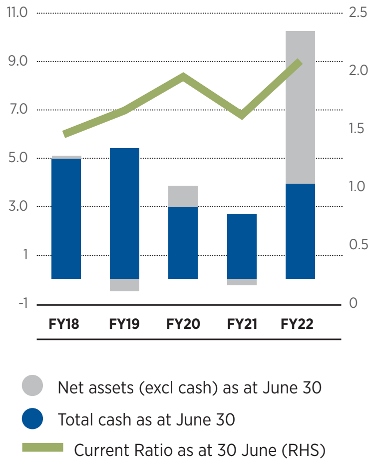
Additionally, Gaslog is a shareholder and appointed operation and maintenance contractor for Gastrade, an organisation developing FSRU projects for which Synertec is positioning as a key technology supplier.

With IMO2020 regulations targeting a 40% reduction in shipping carbon emissions by 2030 driving a long-term transition towards LNG as a marine fuel for cleaner-burning vessels, and almost 200 LNG fuelled ships in operation worldwide and a further 200 on order, marine CTS represents a significant growth opportunity for Synertec.

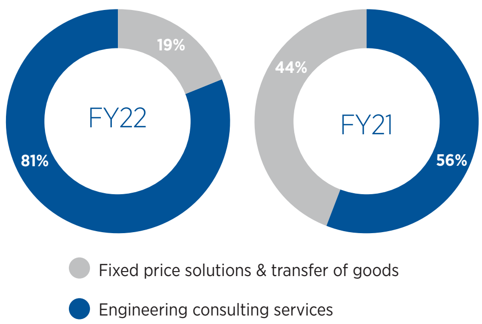
Composite Dry Powder ('CDP')

Synertec and technology partner, GreenTech, entered into a perpetual, exclusive and royalty-free Intellectual Property Licence Agreement during FY22, providing Synertec with the right to use GreenTech's CDP technology.

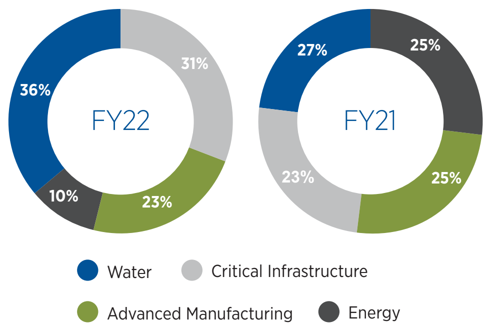
Total Cash to Net Assets ($m) and Current Ratio (times)



FY22 v FY21 Revenue by Type



FY22 v FY21 Revenue Mix by Industry (%)



With the perpetual Licence Agreement in place the Company will now look to commercialise CDP across some of the world's largest hydrocarbon markets including Australia, Canada, North America, Central America and South America. Further testing was undertaken during the year in Australia with our Australian-based technology partners, and Synertec is currently seeking industry partners and commercial opportunities.

The novel environmentally friendly and cost-effective CDP technology converts hydrocarbon drilling mud into a useful non-polluting by-product with many potential applications including high strength construction materials such as bricks and road base. The technology has wider applications, with potential use of CDP in mining tailings and sewage sludge to help further reduce the environmental impact of mining, tunnelling and waste treatment processes.

Engineering Business

The year delivered an increased pace in critical infrastructure planning and expenditure across Australia, enabling Synertec's Engineering business to continue to win new work in its target industries of critical infrastructure, water, energy and advanced manufacturing. During the year, Synertec was awarded various new contracts and existing contract extensions across these four key target sectors.

Proportionality of revenue between these sectors has changed between FY21 and FY22. While in FY21 revenue was derived in almost four equal proportions, in FY22 revenue was more weighted to Water (36%), Critical Infrastructure (31%) and Advanced Manufacturing (23%), while the Group's Technology business continued to remain entirely focused on the Energy sector.

The Engineering business achieved stronger gross margins in FY22 (versus FY21) and has established a solid work in hand position, setting it on a path for self-sustainability. Some key awards received in the Engineering business during the year include;

- Engineering services to a new client in support of the development of a new green ammonia facility;
- Additional projects with existing client, APA, responding to the need to increase gas supply within Victoria;
- Additional scope with existing client, Beon Energy, for solar power projects in major water utilities;
- Engineering services for a water utility treatment plant system upgrade with John Holland/KBR JV; and
- Additional contracts and Master Services Agreements with long-time customers CSL Limited, Pfizer and Aspen Pharmacare, to provide important Project Management, Automation, Validation and Design support to several of their critical pharma advanced manufacturing projects.

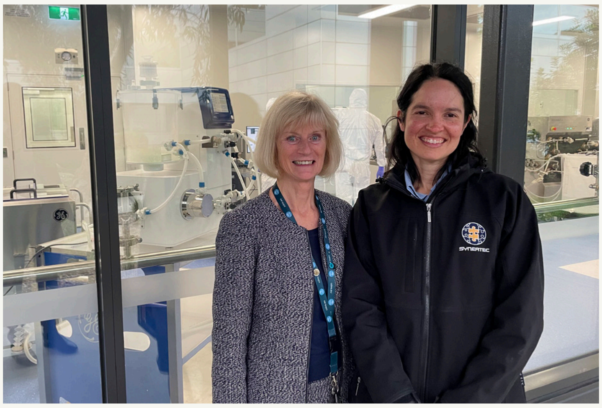
A significant additional engagement with Metro Trains Melbourne was also signed and announced by the Group during the year for the provision of services with an estimated value of circa $3 million, with provision for scope extensions, and a completion date of December 2024. This important contract will see Synertec deliver the Control and Monitoring System for the Metro Tunnel Project.

Despite the growing global challenges resulting from the COVID-19 pandemic, including exceptionally strong ongoing demand for localised labour and the resulting substantial increase in labour and recruitment costs, the business was able to significantly grow its team of highly skilled and talented people across the year to almost 90 people, including approximately 60 full time equivalent engineers, project managers and related professionals. This represents the largest workforce in the company's history, and almost doubles billable capacity from the prior year, which is reflected in the increase of 88% to Engineering Consultancy Services revenue.

To accommodate this, during the year the Company invested in further Human Resource ("HR"), recruitment and team management capability, including the introduction of a General Manager of Engineering, to ensure its talented people are suitably developed, performing and retained. The Engineering business also restructured to a smaller team-based approach to ensure its people receive the development opportunities they require to grow and deepen the Company's valuable expertise, as well as improve retention of talent. Synertec will continue to expand its engineering team to support new and expanded engagements, as well as the growing Technology arm of the Group.

Having the Technology arm as a client of the Engineering group offers considerable advantages, not the least being our ability to develop and protect our intellectual property within our "four walls".

PROJECT HIGHLIGHT - CSIRO



Karen Wright (CSIRO) left and Romila Gomez (Synertec) right.

Synertec's Advanced Manufacturing Team reached a major milestone on the CSIRO's National Vaccine and Therapeutic Lab project which was recently granted certification by the Office of the Gene Technology Regulator (OGTR) at the Department of Health. Synertec executed the schematic & detailed design, provided contract documentation and tendering services, contract administration and technical support as well as commissioning, qualification and management services.

This facility is a first in Australia for single-use technology for multi-product biologicals for both API and Final Product Manufacture including sterile filling. Synertec worked closely with the CSIRO team to define user requirments, engage with the Therapeutic Goods Administration and overcome the many challenges of construction during Covid.

Health and Safety

Safety is Synertec's highest priority, and we continue to focus sharply on the ongoing safety, well-being and care of all people associated with Synertec. While the impacts of the COVID-19 pandemic eased during the latter part of FY22, we have all continued to face various challenges. Synertec's priority has remained the health, well-being and safety of its people and continuing to provide a safe and inclusive work environment for all.

We have made a concerted effort to keep our people, and those who interact with us, safe. We are therefore proud to have again experienced no lost time injuries during the year. This is a testament to the diligence and dedication of our people and our core values. Safety is a priority in everything we do, as it is for our partners and customers, and we will continue to ensure zero harm to our people, partners and customers.

Outlook

Following the successful share placement in September 2022, Synertec's balance sheet is well positioned to support the Company's growth profile, and dual strategy of commercialising large near-term transition technology opportunities and growing our high-end Engineering business.

Synertec will continue to progress its Powerhouse technology over the next year, with plans to complete field testing, achieve sign-off and reach commercial terms with Santos Limited for future systems. The Company has also begun exploring opportunities for Powerhouse with partners in the United States.

The Company will continue to collaborate with its technology partner, GasLog, to progress CTS opportunities led by the Outer Harbour project in Australia, and progress field testing of the CDP technology in Australia with its technology partners.

While COVID-19 and global economic and supply-chain challenges remain, demand for ESG-focused technologies and engineering solutions continues to grow, particularly around large infrastructure projects in the energy, rail and water sectors. Synertec will continue to invest in its people to drive continued growth in its technology and engineering consultancy services over the next year.

With the commercialisation of Powerhouse progressing, a strong pipeline of work in the engineering business and a portfolio of technologies that help the global transition to a low carbon future, Synertec is well positioned to deliver growth into FY23 and beyond.

Our people have risen to many challenges over this reporting period. Covid illness and mandated restrictions have added a great deal of complexity to operations and anxiety of employees. I am incredibly proud of the way, without exception, each member of our team has "leant into" each technical issue, each logistical issue and for many, alongside personal challenges under the pandemic conditions our communities have endured, to the very best of their ability.

The care and respect shown to each other and the desire to perform to our best even under trying conditions has resulted in exceptional outcomes for our customers and therefore, our shareholders. This year has underscored the strength of our culture and that our stated values are our "lived" values. For this, I am very grateful to each and every one of our team.

I would like to take this opportunity to also thank our loyal partners, customers, suppliers and shareholders for supporting Synertec. I look forward to updating you on our continued successes during FY23 and beyond.

Mr. Michael Carroll
Managing Director

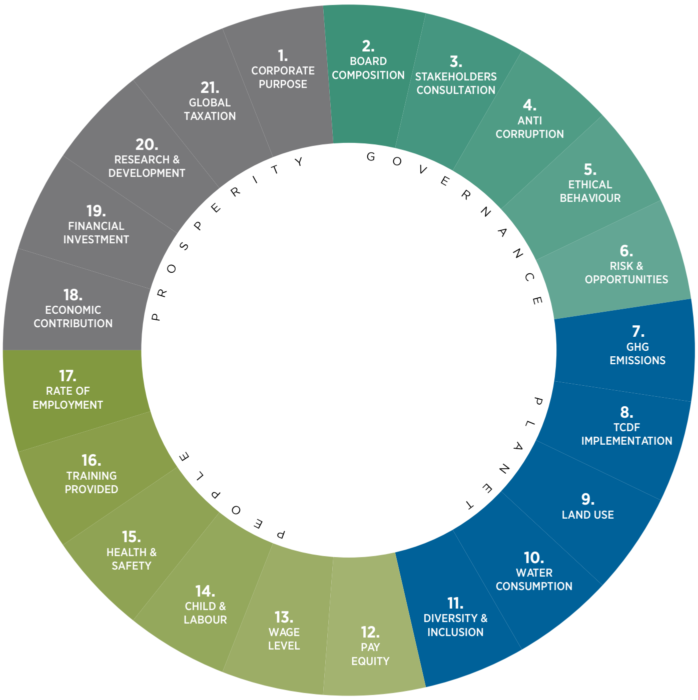
Synertec is dedicated to helping our customers reduce their carbon footprint through our strategic focus on environmentally friendly and energy efficient technologies.

ESG Report

Synertec has a history of strong Environmental Social Governance ('ESG') focus based on the technology and solutions provided to customers.

With a track record of successful innovation and research and development ('R&D'), Synertec design, develop and deliver technology that supports our partners' transition to a low carbon world.

Our ability to help solve our customers' pressing ESG challenges provides a significant near-term growth opportunity for our business.



Whilst Synertec is poised to benefit from commercialising our ESG-focused technologies, we have formalised our ESG reporting to ensure that we drive an internal cultural alignment to the external commercial opportunities we see in the markets we operate in. By developing, implementing and reporting strong ESG credentials, we hope to demonstrate to all of our stakeholders that Synertec is authentic about our ESG impact.

With the adoption of the World Economic Forum ('WEF') ESG framework through the SocialSuite platform, Synertec can implement a measurement plan for each sustainability area across its business, which operates across the critical infrastructure, water, energy and advanced manufacturing sectors. The Company has committed to report on the key ESG factors including governance, anticorruption and bribery practices, ethical behaviour, human rights, carbon emissions, water consumption, ecological sensitivity, diversity, inclusion, pay equality and tax payments.

The WEF's International Business Council ('IBC') created a specialised task force, consisting of experts from a wide range of industries, including the global Big-4 accounting firms, to improve the ways that organisations measure and demonstrate their contribution towards creating more prosperous, fulfilled societies and a more sustainable relationship with the planet.

This work resulted in the Stakeholder Capitalism Metrics ('SCM') and disclosures that can be utilised by organisations to mainstream reporting of their performance against environmental, social and governance indicators and track their performance towards the United Nation's ('UN') Sustainable Development Goals ('SDG') on a consistent basis. The metrics were deliberately based on existing standards bringing comparability and consistency to the reporting of ESG standards and were deliberately designed to be used universally across all industries and business types.

The image above highlights all of the 21 areas of the WEF ESG framework, which are reported by Synertec at regular intervals to show its ESG progress. Reporting will define the Company's priority areas, actions and progress in each area, providing an easy way for investors to assess the development of the Company's aim and journey to become a "best in class" ESG organisation and ensure that it remains an impact investment for shareholders and local communities.

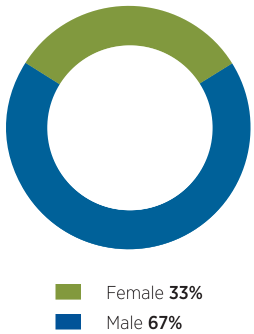
Our major partners and customers, many of whom are key organisations in Australia's critical infrastructure, water, energy and advanced manufacturing sectors, have highlighted the growing need and opportunity for improved ESG performance. We see this as a logical progression for our organisation, building upon the strong foundations we developed to support the global energy transition, reduce carbon footprint and respond to tightening environmental regulations while providing sustainable employment opportunities and operating in a transparent and accountable manner for all of Synertec's stakeholders.

Diversity and inclusion

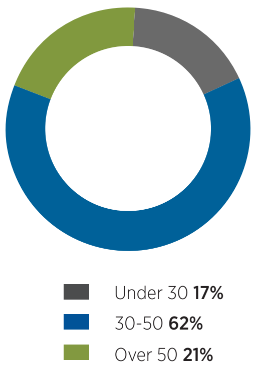
Synertec is committed to providing an inclusive workplace and recognises the value that a workforce made up of individuals with diverse skills, values, backgrounds and experience will bring to the Company. At the core of the Company's diversity policy is a commitment to equality and respect.

The Company's business success is a reflection of the quality and skill of its people, and it is committed to seeking out and retaining the finest human talent to ensure strong business growth and performance by building upon the positive and inclusive working culture successfully established.

Synertec Workforce
By Gender



Synertec Workforce
By Age



Pay Equality

Synertec understands that pay equality reflects an organisation's culture and helps to bridge diversity gaps, attract talent and drive long-term competitiveness.

Director and Key Management remuneration details are available in the Annual Report.

The ratio of basic salary and remuneration of women to men in Management is 74%, Supervisors and Professionals is 88%, resulting in a total workforce ratio of 79%.

Wage Level

Synertec understands that fair compensation and benefits contribute to the economic well-being of employees, since the distribution of wages and income is crucial for eliminating inequality and poverty.

Synertec ensures that the pay is fair and appropriate in relation to the rest of the work force.

The ratio of standard entry level wage compared to local minimum wage is 133%.

The ratio of annual total compensation of the Chief Executive Officer ('CEO') to the median of the annual total compensation of employees is 313%.

Child, forced or compulsory labour

Synertec has established a Modern Slavery Policy, available on the Company's website.

Health and safety

The Company reports in its Annual Report all necessary health and safety statistics such as;

- the number and rate of fatalities as a result of work-related injury;
- high-consequence work-related injuries (excluding fatalities);
- recordable work-related injuries; main types of work-related injury; and
- the number of hours worked.

Refer to page 10 of FY22 Annual Report.

The Company also reports these statistics to its workplace health and safety insurers (by State). The Company holds quarterly Occupational Health Safety and Environment ('OHSE') meetings with all Executives present. The Board has a standing agenda item for safety at the beginning of all Board meetings.

Synertec provides an Employee Assistance Program ('EAP') for its employees.

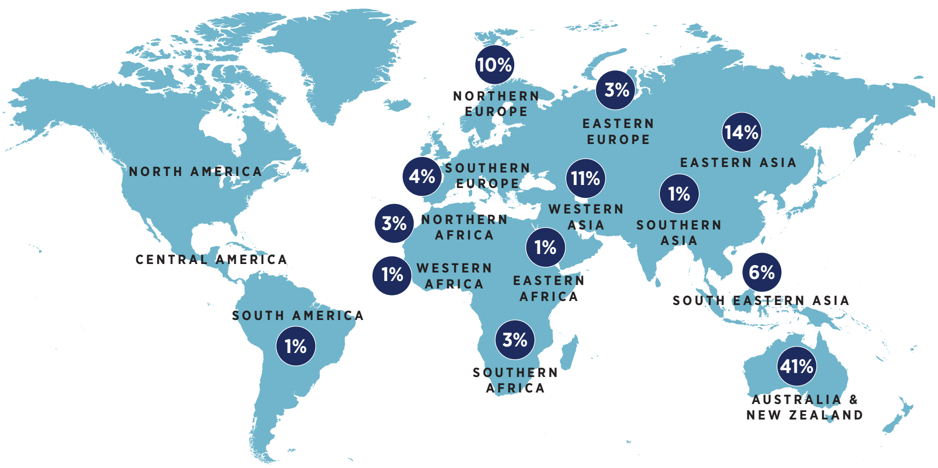
Training provided

The Company understands the importance of employee training and strengthening the workforce with knowledge and opportunities to upskill.

The average training hours are as follows:

- Senior Management: 28 hours with an average cost of $4312 per employee
- Management: 29.5 hours with an average cost of $3370 per employee
- Supervisors and professionals: 54.8 hours with an average of $3396 per employee

Diversity of Employees
% of Total Employees



GOVERNANCE

Setting Purpose

Synertec was created in 1996 as a specialist engineering services company. Today, Synertec has evolved into a diversified technology growth company with offerings serving multiple industries, with particular proficiency in solutions for the critical infrastructure, water, energy and advanced manufacturing sectors.

With the vital importance of the ESG issues and challenges facing the world today, Synertec are committed to providing strategic focus on environmentally friendly and energy efficient technology solutions to support reducing emissions in a way that supports economic growth and provides our stakeholders with a viable transition to a greener, low-carbon future.

Synertec's purpose is to embrace innovation, create value, and work with our partners to build a better future.

Governance body composition

The Synertec Board is comprised of a diverse set of skills, knowledge and capabilities and supports the appointment of directors who bring a wide range of business, professional skills and experience to the company.

The Synertec Board Charter and Corporate Governance Statement defines the composition of the Board and the corporate governance practices in place, in line with the 4th edition of the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

At the core of Synertec's diversity policy is a commitment to equality and respect. The Company is committed to providing an inclusive workplace and recognises the value individuals with diverse skills, values, backgrounds and experiences will bring to the Company.

Each Director is required to continuously disclose any interest in securities in the Company and any other interest which might create a potential conflict of interest with their duties as a Director or which would affect their independence. Director tenure is outlined in the Synertec Corporate Governance Statement.

The Board is currently comprised of 75% Male and 25% female members. 50% of the Board are aged 30-50, the other 50% are aged over 50. 75% of the Board identify as Australian and the remaining 25% ethnic origin is Chinese.

Material Issues impacting shareholders

Synertec is an ISO14001 Environment certified company. The ongoing processes to maintain these international standards includes the identification of stakeholders, regular materiality assessments and independent auditing and ongoing stakeholder feedback and consultation.

Also, as part of the Company's commitment to complying with the listing rules of the ASX and the Australian Corporations Act, the Company continually assesses the importance of the relationship between what is material to the Company and its stakeholders in terms of disclosure. Please find more information in our Continuous Disclosure Policy.

Stakeholder consultation is undertaken through regular and ongoing meetings and communications with investors, clients, subcontractors and suppliers and employees. Synertec also have a documented process for stakeholder consultation in the Company's Health Safety and Environment ('HSE') Management System manual.

To ensure a consistent approach to stakeholder feedback, Synertec have created a standard client satisfaction procedure and complaint handling procedure.

For further information on our identified material issues and stakeholder feedback, please review the Synertec Annual Report.

Anti corruption practices

The Synertec Code of Conduct has been established to set out a clear set of values that emphasise culture which encompasses strong corporate governance, sound business practices and good ethical conduct.

The Synertec Securities Trading Policy is also in place, ensuring compliance and ethical behaviour when dealing in the securities of the Company.

Synertec covers Anti-Bribery and Anti-Corruption policies within its Code of Conduct. This policy embeds new processes in the Synertec onboarding procedure and document control review. The Company is also reviewing options for standardising employee training.

Mechanisms to protect ethical behaviour

Synertec is currently reviewing its Whistleblower Policy. As part of this process Synertec is reviewing options for its internal and external reporting mechanisms.

Risk and opportunity oversight

Synertec has gained accreditation with ISO 9001 ('Quality'), ISO 45001 ('Occupational Health and Safety') and ISO 14001 ('Environment'). Part of maintaining these accreditations is the continual improvement of Synertec's organisational systems and approach to environmental concerns which consists of ongoing risk and opportunity assessments, with ESG being the focus.

The Board also has an Audit and Risk Management Committee which advises the Board on the establishment and maintenance of a framework of internal control, risk management and appropriate governance standards for the management of the Company. The Board also identifies areas of risk and continuously undertakes risk assessments of the Company's operations, processes and procedures.

Synertec has commenced the process for ISO 27001 ('Information Security Management') certification and expect to receive this during 2023.

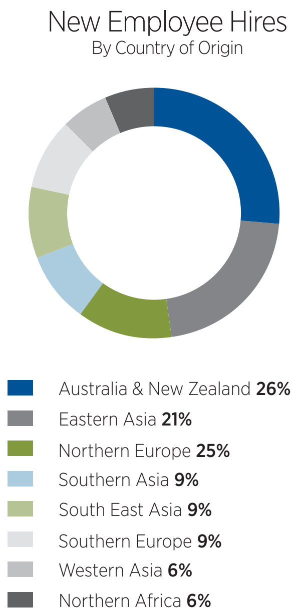
The Risk Management Commitee Charter is currently being updated to reflect the Company's commitment to data stewardship and climate-change.

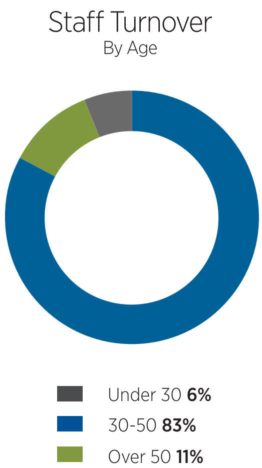
Please refer to our Audit and Risk Management Committee Charter and Corporate Governance Statement for more information.

PROSPERITY

Rate of employment

The total number of new employee hires during the financial year were:





Economic contribution

Synertec discloses all economic performance and activities in its Annual Report and Half Year Business & Financial Results Overview.

Financial investment contribution

Synertec's performance activities, key changes and financial investment updates have been disclosed in the Annual Report and the Half Year Business & Financial Results Overview, which are available on the website and includes disclosures relating to total capital expenditures (less depreciation) and how it supports the Company's investment strategies.

Synertec has not paid any shareholder dividends in recent financial years.

Total R&D expenses

Synertec has, historically, received Research and Development ('R&D') tax incentives, reflected in financial reporting of results and its annual income tax returns. The Company expects to receive R&D tax incentives in FY22.

All R&D expenditure has been expensed where IP is developed. No intangible assets (i.e. capitalisation of R&D spend) are recognised for this. In June 2021, to assist with its Liquified Natural Gas ('LNG') Custody Transfer System ('CTS') technology development and following a detailed submission to Government by Synertec, the Company was pleased to announce it had been awarded a grant of $50,000 (the maximum grant) under the Victorian Government Technology Adoption and Innovation Program. The $5 million Program is specifically designed to support Small Medium Enterprises ('SMEs') to commercialise innovative technologies or develop innovative, new and commercial technology.

Total tax paid

Please refer to the FY22 Annual Report.

PLANET

GHG emissions

Synertec has reviewed the Green House Gas ('GHG') Protocol Corporate Accounting and Reporting Standards and is currently investigating what the implementation of the GHG reporting standard will mean for the Company.

TCFD implementation

Synertec has reviewed the Task Force on Climate-related Financial Disclosures ('TCFD') reporting requirements and is currently investigating what the implementation of the reporting framework will mean for the Company.

Land use and ecological sensitivity

Synertec's projects do not operate in, or near, Key Biodiversity Areas.

Water usage

Synertec's projects do not operate in water-stressed areas.

The Synertec Board

Dennis Lin
INDEPENDENT NON EXECUTIVE DIRECTOR, CHAIR

Mr. Lin practised as a solicitor, Chartered Accountant and corporate advisor on equity markets and mergers and acquisitions for over 20 years before retiring from professional services. He now focuses on high growth businesses that are looking to expand globally, and has been part of the Synertec board since August 2019, and becoming independent non-executive chair on 1 April 2021. He works closely with the team in setting strategic priorities for the business.

Mr. Lin is also Executive Chair of ASX listed company Bubs Australia Ltd (ASX:BUB).

Mr. Lin was appointed as a non-executive director of Health and Plant Protein Group Limited on 3 November 2017, executive director from 1 July 2020 and executive chair on 4 August 2021, before retiring on 30 June 2022. Mr. Lin was appointed as a non-executive director of eCargo Holdings Limited on 9 April 2019 and resigned on 30 October 2019.

Michael Carroll
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Mr. Carroll is a founding principal, Managing Director and Chief Executive Officer of Synertec and a significant beneficial owner of Synertec. He has successfully grown the business of Synertec since it was first established in 1996. His leadership style is 'hands-on' and visionary, ensuring efficient and robust internal processes that directly support the strategic direction of Synertec.

Mr. Carroll is a member of the Australian Institute of Company Directors and holds a Degree in Applied Science (Applied Chemistry) and a postgraduate qualification in Chemical Engineering.

Leeanne Bond

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms. Bond is a professional company director with Board roles in the energy, water and engineering services industries. She has qualifications in engineering and management, and 30 years' experience across a broad range of industrial sectors.

Ms. Bond is a Non-Executive Director of Snowy Hydro Limited and Aurecon Limited, and a board member of the Clean Energy Finance Corporation. She is also Chair and Non-Executive Director of Mining3, an industry directed research and technology organisation and a non-executive director of CRC OneBasin Limited. She is a member of the advisory boards of ANU's Battery Storage and Grid Integration Program and UQ's Master of Sustainable Energy Program.

Ms. Bond is the sole director and owner of Breakthrough Energy Pty Ltd, a private consulting firm.

David Harris

EXECUTIVE DIRECTOR, CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Harris is an Executive Director, Chief Financial Officer and Company Secretary of Synertec. Mr. Harris oversees Future Business and Technology, as well as corporate development, investor relations and finance functions for the Group.

Mr. Harris is a graduate of the Australian Institute of Company Directors, an Australian Chartered Accountant, and fellow of both the Financial Services Institute of Australasia and the Governance Institute of Australia. He has over 25 years of local and international experience in senior leadership and board positions for global and ASX-listed companies and is also an experienced Board member and Audit Risk Committee Chair.

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED

30 June 2022

Synertec Corporation Limited

ARBN 161 803 032

[ASX:SOP]

Directors	Mr. Dennis Lin (Independent Non-Executive Director, Chair) Ms. Leeanne Bond (Independent Non-Executive Director) Mr. Michael Carroll (Managing Director) Mr. David Harris (Executive Director)
Company Secretary	Mr. David Harris 2-6 Railway Parade Camberwell VIC 3124 Australia
Principal registered office in Bermuda	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Registered agent office in Australia	Synertec Corporation Limited 2-6 Railway Parade Camberwell VIC 3124 Australia Telephone: +(61 3) 9274 3000
Share registry	Boardroom Pty Limited Grosvenor Place Level 12, 225 George Street Sydney NSW 2000 Australia Telephone: 1300 737 760 (within Australia) +(61 2) 9290 9600 (outside Australia) Facsimile: +(61 2) 9290 9655
Auditor	Grant Thornton Audit Pty Ltd Collins Square Tower 5 727 Collins Street Melbourne VIC 3008 Australia
Stock exchange listing	Synertec Corporation Limited shares are listed on the Australian Securities Exchange (ASX) ASX Code: SOP (fully paid ordinary shares)
Website address	www.synertec.com.au

The Directors present their report together with the financial statements of the consolidated entity for the year ended 30 June 2022.

1. Directors

The following persons were directors of Synertec Corporation Limited during or since the end of the financial year and up to the date of this report:

Mr. Dennis Lin (Independent Non-Executive Director, Chair)
Ms. Leeanne Bond (Independent Non-Executive Director)
Mr. Michael Carroll (Managing Director)
Mr. David Harris (Executive Director)

1.1 Information on Directors

Mr. Dennis Lin - Independent Non-Executive Director, Chair
Mr. Lin practised as a solicitor, Chartered Accountant and corporate advisor on equity markets and mergers and acquisitions for over 20 years before retiring from professional services. He now focuses on high growth businesses that are looking to expand globally, and has been part of the Synertec board since August 2019, and becoming independent non-executive chair on 1 April 2021. He works closely with the team in setting strategic priorities for the business.

Mr. Lin is also Executive Chair of ASX listed company Bubs Australia Ltd (ASX:BUB).

Mr. Lin was appointed as a non-executive director of Health and Plant Protein Group Limited on 3 November 2017, executive director from 1 July 2020 and executive chair on 4 August 2021, before retiring on 30 June 2022. Mr. Lin was appointed as a non-executive director of eCargo Holdings Limited on 9 April 2019 and resigned on 30 October 2019.

Ms. Leeanne Bond - Independent Non-Executive Director
Ms. Bond is a professional company director with Board roles in the energy, water and engineering services industries. She has qualifications in engineering and management, and 30 years' experience across a broad range of industrial sectors.

Ms. Bond is a Non-Executive Director of Snowy Hydro Limited and Aurecon Limited, and a board member of the Clean Energy Finance Corporation. She is also Chair and Non-Executive Director of Mining3, an industry directed research and technology organisation and a non-executive director of CRC OneBasin Limited. She is a member of the advisory boards of ANU's Battery Storage and Grid Integration Program and UQ's Master of Sustainable Energy Program.

Ms. Bond is the sole director and owner of Breakthrough Energy Pty Ltd, a private consulting firm.

Mr. Michael Carroll - Managing Director
Mr. Carroll is a founding principal and Managing Director and Chief Executive Officer of Synertec and a significant beneficial owner of Synertec. He has successfully grown the business of Synertec since it was first established in 1996. His leadership style is "hands on" and visionary, ensuring efficient and robust internal processes that directly support the strategic direction of Synertec.

Mr. Carroll is a member of the Australian Institute of Company Directors and holds a Degree in Applied Science (Applied Chemistry) and a postgraduate qualification in Chemical Engineering.

Mr. David Harris - Executive Director
Mr. Harris is an Executive Director, Chief Financial Officer and Company Secretary of Synertec. Mr. Harris oversees Future Business and Technology, as well as corporate development, investor relations and finance functions for the Group.

Mr. Harris is a graduate of the Australian Institute of Company Directors, an Australian Chartered Accountant, and fellow of both the Financial Services Institute of Australasia and the Governance Institute of Australia. He has over 25 years of local and international experience in senior leadership and board positions for global and ASX-listed companies and is also an experienced Board member and Audit Risk Committee Chair.

1.2 Directors' interest in shares and options

	Interest in Ordinary Shares	Interest in Options
Independent Non-Executive Directors:		
Dennis Lin (Chair)	-	2,173,913
Leeanne Bond	2,785,576	-
Executive Directors:		
Michael Carroll (Managing Director)	49,398,496	-
David Harris (Executive Director/ Chief Financial Officer/ Company Secretary)	2,137,733	4,347,826

Mr. Michael Carroll is the beneficial owner of 100% of the benefits and rights in the Pinnacle (MCGA) Retirement Fund, which in turn owns 100% of the ordinary shares in Kensington Trust Singapore Ltd which is the registered holder of 49,398,496 shares in Synertec Corporation Limited and is the largest shareholder in the Company.

During the period, at the Company's 2021 Annual General Meeting, shareholders approved the grant of unlisted options to the Company's Independent Non-Executive Director, Board and Nomination and Remuneration Committee Chair, Mr. Dennis Lin; and Executive Director, Chief Financial Officer and Company Secretary, Mr. David Harris; for their contribution to the achievement of various strategic objectives over preceding periods. A professional independent valuation of the options has been performed by accounting and advisory firm, RSM Australia. The attributed equivalent value of this award is accounted for as a share-based payment and reflected in the employee benefits expense for the year ended 30 June 2022.

2. Principal activities

Synertec is a diversified technology design and development growth company enabling a low carbon future through innovative technology solutions. Commercialising scalable, environmentally friendly and energy efficient technology for global markets in energy, critical infrastructure and advanced manufacturing through innovative partnerships with a portfolio of blue-chip customers, Synertec is proactively participating in the world's transition to a low carbon economy in a practical way for the benefit of future generations. In doing so, Synertec is a provider of engineering products and solutions which typically incorporate complex automated and highly instrumented systems and processes designed to enhance clients' productivity, efficiency and safety. These services are provided across Australia and overseas through offices in Melbourne and Perth.

3. Significant changes in the state of affairs

No significant changes noted in the year ended 30 June 2022.

4. Review of operations and results of those operations

Profit and loss performance

Summary Profit & Loss Performance	FY22 ($'000s)	FY21 ($'000s)	$ Change ($'000s)		% Change	
Total Revenue & Other Income	12,089	8,436	Up	3,653	Up	43%
Engineering Consultancy Services Revenue	8,848	4,697	Up	4,151	Up	88%
Adjusted EBITDA before R&D activities	(1,364)	(2,205)	Up	841	Up	38%
Adjusted EBITDA	(2,720)	(2,205)	Down	515	Down	23%
EBITDA	(3,475)	(1,765)	Down	1,710	Down	97%
Adjusted Net Profit / (Loss) After Tax	(3,016)	(3,372)	Up	356	Up	11%
Net Profit / (Loss) After Tax	(3,981)	(3,351)	Down	630	Down	19%

Synertec generated external revenue and other income for the year ended 30 June 2022 ("FY22", or "year") of $12.1 million, up 43% on the prior comparable period ("pcp") (30 June 2021: $8.4 million). This result was underpinned by strong growth in the engineering consultancy services revenue category, which generated $8.8 million of revenue at further improved gross margins from prior years, an increase of 88% on pcp (30 June 2021: $4.7 million).

The Board assesses the underlying performance of the business based on measures of Adjusted EBITDA which exclude the effect of non-operating and non-recurring items. Outlined below is an analysis of Adjusted Earnings Before Income Tax Depreciation Amortisation ('EBITDA') and Adjusted Net Profit After Tax ('NPAT') in the current period which is calculated after excluding the effects of costs incurred and subsidies received but not related to underlying operations or expected to occur in the future.

The Adjusted EBITDA was a loss of $2.7 million (30 June 2021: $2.2 million loss). Adjusted EBITDA excludes costs which are discretionary for the purposes of exploring strategic long term strategic growth opportunities and/or activities and expenses which are not considered to be typical annual operational overheads for the business. Such items include corporate development costs of $0.2 million (30 June 2021: $0.6 million), share-based payments of $0.4 million approved by the Company's shareholders at the 2021 Annual General Meeting (30 June 2021: $nil), redundancy payments of $0.1 million (30 June 2021: $nil) and Federal Government JobKeeper payments which were nil in the year (30 June 2021: $1.0 million).

Note; COVID-19 impacts are reflected in Adjusted EBITDA only by the exclusion of government subsidies, with no attempt to include a corresponding adjustment for the abnormal (but difficult to measure) reduction in revenue and increase in costs which has continued throughout the current year with Government-imposed public lockdowns and workplace restrictions continuing during the year.

On a like-for-like basis between the two years, excluding technology Research and Development ('R&D') costs and income, the Adjusted EBITDA for the year was a loss of $1.4 million (30 June 2021: $2.2 million loss). While the degree of technology investment was in line with expectations announced by the Company earlier in the year, the Powerhouse development timeframe was accelerated with most of the anticipated outlay condensed into FY22.

Included in the Adjusted EBITDA is applicable technology R&D costs of $2.6 million, primarily for development of the Powerhouse technology, which made a significant advancement during the year progressing from concept to site-commissioned. These costs have been expensed for tax and accounting purposes (30 June 2021: nil), enabling the Group to achieve maximum tax credits for this expenditure which are expected to be refunded in cash to the Group following lodgement of its annual income tax return. The anticipated tax refund receivable which has been recognised is $1.1 million (30 June 2021: nil).

The Company is extremely pleased with the outcome of the Powerhouse technology development effort during the year and pleased to report that it has continually met its ambitious schedule of key milestones.

The result from operations before tax was a loss of $4.0 million (30 June 2021: $2.3 million loss) and the result after tax (NPAT) was also a net loss of $4.0 million (30 June 2021: $3.4 million loss). The table below shows how FY22 and FY21 NPAT compare, allowing for items unique to the respective periods:

	FY22 ($'000s)	FY21 ($'000s)	Variance ($'000s)
Net Profit / (Loss) After Tax	**(3,981)**	(3,351)	(630)
JobKeeper Payments	**-**	(995)	995
Write-down of Deferred Tax Asset	**-**	1,063	(1,063)
Technology R&D Expenditure eligible for R&D credits	**2,558**	-	(2,558)
R&D credit from Technology development	**(1,202)**	-	1,202
Share Based Payments	**383**	-	(383)
Redundancy Payments	**56**	-	(56)
Comparable Net Profit / (Loss) After Tax	**(2,186)**	(3,283)	Up 1,097

Segment performance

Since 1 July 2021, as announced by the Company during the year, the Group restructured the business to form two key areas of operation, being Engineering Solutions ('Engineering') and Technology and Future Business ('Technology'). These two divisions/segments are managed separately as each requires different skills, technologies, marketing approaches and other resources. This is the basis on which information is internally provided to the Chief Operating Decision Makers ('CODMs') for assessing performance and making operating decisions. All inter-segment transfers are conducted at arm's length prices based on prices charged to customers in stand-alone sales of identical goods or services.

The Corporate area of the Group, which is a cost centre, includes the Board and Executives which oversee the function and strategic direction of Engineering and Technology, as well as the governance and operation of the public ASX-listed head company, Synertec Corporation Limited. The activities of the head company include governance oversight, corporate development, investor relations and other functions associated with the operation, governance and regulatory compliance of the Group's head company.

FY22	Engineering ($'000s)	Technology ($'000s)	Corporate ($'000s)	Total ($'000s)	Inter-segment ($'000s)	External sources ($'000s)
Revenue & Other Income	13,106	1,202	-	**14,308**	2,219	12,089
Segment Adjusted EBITDA	(201)	(1,988)	(805)	**(2,994)**	274	(2,720)
Net Profit / (Loss) After Tax	(982)	(1,759)	(1,240)	**(3,981)**	-	(3,981)

Total revenue for the Engineering business grew by 56% on pcp (30 June 2021: $8.4 million). This includes services and materials provided to the Technology business of $2.2 million (30 June 2021: $nil) contributing to the development of the Group's three key environmentally friendly technology solutions to help global industry transition to a low carbon future and reduce its environmental footprint. All inter-segment services and materials are conducted at arm's length prices based on prices charged to customers in stand-alone sales of identical goods or services.

Synertec's Engineering business strengthens and protects important technology intellectual property development, which would otherwise be sourced through external service providers. It is an efficient and commercial relationship between the businesses which enables the Group to prioritise and focus on its growth-leading technology development and effectively accelerate the technology commercialisation process.

As a result of the continued change in mix of revenues in the Engineering business over the past three years from predominantly fixed price solutions to consultancy services, Engineering gross margins have continued to strengthen. During the year, the gross margin increased a further 4 percentage points, which was in line with budgeted expectations and is double the gross margin achieved in the financial year prior to COVID-19 (FY19).

Engineering segment adjusted EBITDA was a loss of $0.2 million (30 June 2021: $0.3 million loss), a 35% improvement on the prior year. The Engineering business is now strongly positioned to be self-sustainable and prepared for further growth. Further commentary on the annual performance and highlights for the Engineering business is provided below.

Technology income includes $1.2 million (30 June 2021: nil) in Research and Development tax credits receivable under the federal government's Research and Development Tax Incentive program (R&DTI). Associated Research and Development ('R&D') costs of $2.5 million (30 June 2021: nil) have been expensed as incurred.

Capital Management

Balance Sheet	FY22 ($'000s)	FY21 ($'000s)	$ Change ($'000s)		% Change	
Total Assets	**10,903**	8,228	Up	2,675	Up	33%
Cash at Bank	**4,121**	2,626	Up	1,495	Up	57%
Net Assets	**5,161**	2,096	Up	3,064	Up	146%
Current Ratio (Current Assets / Current Liabilities)	**2.1 times**	1.6 times	Up	0.5 times	Up	31%

Total Assets of $10.9 million (30 June 2021: $8.2 million) and Net Assets of $4.1 million (30 June 2021: $2.6 million) includes cash of $4.1 million (30 June 2021; $2.6 million). The increase in net assets reflects the Company's stronger cash balance driven by the successful share placement ('Placement') completed in August 2021 (refer below for further commentary on this), improved net working capital position from substantial growth in Engineering business activity, as well as the anticipated cash refund of eligible R&D credits related to FY22 technology development of $1.1 million (30 June 2021: $nil).

Synertec operates with no working capital debt or covenants from its bank.

Cash Flow	FY22 ($'000s)	FY21 ($'000s)	$ Change ($'000s)		% Change	
Cash receipts from customers	11,824	8,941	Up	2,884	Up	32%
Net cash used in operating activities before COVID deferred payments related to prior years	(4,256)	(358)	Down	3,898	Down	1090%
Net cash used in/from operating activities	(4,826)	(358)	Down	4,468	Down	1250%
Net increase in cash	1,495	(414)	Up	1,909	Up	461%

Cash receipts from customers was $11.8 million (30 June 2021: $8.9 million), up 33% on pcp and debtor-days remain within the Group's 30-40 day target range. The Company continues to manage cash prudently and maintains a strong working capital and liquidity position. The Company invested $2.6 million in technology R&D activities primarily for development of the Powerhouse and LNG Custody Transfer System ('CTS') products.

The overall net cash flow for the year was an increase in cash held of $1.5 million. This included net proceeds of $6.6 million from an oversubscribed Placement conducted in August 2021. The Placement of 71.4 million new shares at an issue price of $0.10 per share represented a 9% discount to the last closing price and 5-day VWAP at the time of the Placement.

Net proceeds from the Placement have been principally used to provide balance sheet support to fund current growth initiatives within the Company's Technology business, and its rapidly growing portfolio of engineering solutions with its many Tier-1, 'blue-chip' customers. The Placement was corner-stoned by high quality institutional investors, Perennial Value Management and SG Hiscock, providing a strong endorsement for the Company and its ESG technology-led growth strategy.

The net operating cash outflow of $4.8 million (30 June 2021: $0.4 million outflow) comprised net cash used in operations as follows:

FY22	Engineering ($'000s)	Technology ($'000s)	Corporate ($'000s)	Total ($'000s)
Net cash used in operations	(622)	(301)	(601)	(1,524)
COVID deferred payments related to prior years	(570)	-	-	(570)
Net cash used in R&D activities	-	(2,470)	-	(2,470)
Corporate development activities	-	-	(262)	(262)
Net operating cash flows	**(1,192)**	**(2,771)**	**(863)**	**(4,826)**

The net cash flows from operating activities during the year do not include any JobKeeper payments, unlike the prior year (30 June 2021: $1 million). The Group continues to avail of COVID-19 relief measures offered by both Federal and State Governments during 2020 for the deferral of payroll tax for FY21 and the ability to defer and spread Pay-As-You-Go ("PAYG") and Business Activity Statement ("BAS") payments related to the period April 2020 to September 2020 across 36 months with no interest or penalties. Synertec accepted these offers and accrued the costs accordingly in the FY20 and FY21 results and set aside the entire cash requirements for these commitments which it is currently fulfilling.

These payments during the year amounted to $0.6 million (30 June 2021: nil). The deferred payments to the Victorian State Government for FY21 payroll tax have been fully paid.

As noted above, the degree of technology investment was in line with expectations announced by the Company earlier in the year, however the Powerhouse development timeframe was accelerated with most of the anticipated cash outlay condensed into FY22.

The Engineering business had approximately $0.5 million of the total $1.3 million in contract assets (work in progress) at year end which it carried over a large portion of the year until key project milestones were achieved in the month subsequent to year end and this was invoiced accordingly. Delays on these project milestones were caused mainly due to COVID-19 impacts and the inability for customers and Synertec personnel to attend sites for commissioning activities.

The Company remains focused on moving both the Technology and Engineering businesses towards consistent positive operating cash flow.

Operations

TECHNOLOGY BUSINESS

Synertec's Technology Business continues to progress its three key environmentally friendly technology solutions to help the global energy industry transition to a low carbon future and reduce its environmental footprint. Synertec is committed to being an impact investment for shareholders and local communities, and to ensuring the Company is supporting its partners in the collective endeavour to improve ESG performance.

POWERHOUSE

The Powerhouse system involves a combination of an easily deployable industrial-scale solar panel array, battery storage, and sophisticated predictive algorithms in a complex control system to optimise the generation and consumption of renewable electricity without the need for a back-up power source like hybrid renewable solutions which rely on diesel or gas powered generators, or mains grid power.

During the year, Synertec entered into a Memorandum of Understanding ("MOU") with leading independent energy producer Santos Limited (ASX:STO, "Santos") to progress the Company's Powerhouse technology ("Powerhouse") which centres around the design, construction and field testing of an innovative Artificial Intelligence (AI)-driven sustainable solar renewable energy and battery power system for remote-site application. The system employs sophisticated AI and predictive analytics to optimise energy efficiency and industrial-scale power delivery.

During the course of the year, despite challenging global supply-chain and pandemic conditions, the Group is pleased to report that it swiftly advanced Powerhouse from concept to a commercial-scale commissioned prototype in the field, undergoing site testing. Powerhouse is also connected to the Santos SCADA system, allowing for remote monitoring and operability by each of the parties.

Further to this, as publicly announced, the Company progressed its commercial terms with Santos from MOU to executing a General Services Contract ("GSC") between the parties, and a Work Order for the Powerhouse prototype. The Santos GSC forms the basis of any future deployments as the substantive contract conditions are agreed thereby allowing for potential accelerated roll-out of Powerhouse units in the future. The parties continue to work together towards commercial terms beyond the prototype on a case-by-case basis.

Synertec continues to see significant opportunities for this technology for remote locations across the energy and resources industries, both nationally and globally, and will continue to progress and prove the technology over the coming year. Following the success of factory testing and agreeing commercial terms for prototype, Synertec started to explore the potential for Powerhouse to be more broadly applied in Australia and the USA given the strong market interest in this technology solution.

As a result, Synertec has focused on the United States market, with a significant near-term development being the announcement on 8 August 2022 of the passing of the US Inflation Reduction Act through the US Senate, committing $US369 billion (A$528 billion) over 10 years, including tax credits for clean energy technology development that will help with the high upfront costs, a new "clean energy technology accelerator" which will be created to help advance renewable technologies and investment to build clean technology manufacturing facilities.

CUSTODY TRANSFER SYSTEM (CTS)

During the year, world-leading independent certification body DNV approved Synertec's marine Custody Transfer System for installation on LNG vessels. DNV is the world's leading Classification Society and a recognised advisor to the maritime industry, which provides certification services based on established standards and criteria for multiple sectors including the maritime industry, oil and gas and renewable energy.

Synertec also announced during the year that it is partnering with GasLog on the development of Synertec's CTS technology. European-based GasLog is amongst the largest independent owners, operators and managers of LNG vessels in the world, with 36 vessels in its fleet, all managed 100% in-house. Previously listed on the New York Stock Exchange, GasLog recently merged with Blackrock's Global Energy & Power Infrastructure Team which is focused on essential, long-term infrastructure investments in the energy and power sector. GasLog is also active in the floating terminals business.

In July 2021, GasLog signed a Heads of Agreement with Venice Energy to negotiate the charter of an LNG Floating Storage and Regasification Unit (FSRU) for the Outer Harbour LNG Import Project in Port Adelaide, South Australia. Synertec was engaged to perform Front End Engineering Design (FEED) work for the project consortium. Gaslog is also a shareholder and appointed operation and maintenance contractor for Gastrade who is developing Floating Storage and Regasification Units ("FSRU") in Europe for which Synertec is positioning as a key technology supplier.

COMPOSITE DRY POWDER (CDP)

During the year, Synertec and GreenTech entered into a perpetual, exclusive and royalty-free Intellectual Property Licence Agreement ("Licence Agreement"), providing Synertec with the right to use GreenTech's Composite Dry Power ("CDP") technology. The Licence Agreement replaced an existing arrangement between the two parties that was due to expire in September 2022.

At the time of entering the Licence Agreement, Synertec paid an upfront Licence fee to GreenTech by extinguishing $0.6 million of the $0.8 million secured loan to GreenTech, with GreenTech repaying the remaining balance of $0.2 million plus interest. The Licence fee and associated costs incurred during the year of $0.2 million in securing the Licence Agreement were capitalised as part of the intangible asset of $0.8 million recognised in the balance sheet and will be amortised over 3 years.

With the Licence Agreement in place, the Company is now looking to commercialise CDP across some of the world's largest hydrocarbon markets including Australia, Canada, North America, Central America and South America. Field testing commenced during the year in Australia with local technology partners, Beneterra, and Synertec is currently seeking commercial opportunities.

The novel environmentally friendly and cost-effective CDP technology converts hydrocarbon drilling mud into a useful non-polluting by-product starting material with many potential applications including high strength construction materials such as bricks and road base. Conversion of drilling mud via the CDP process removes the need to transport waste mud to treatment facilities and/or landfill, whilst additionally reducing the quarrying of raw materials to produce construction products. The technology has wider applications, with potential use of CDP in mining tailings and sewage sludge to help further reduce the environmental impact of mining, tunnelling and waste treatment processes.

ENGINEERING BUSINESS

The year delivered an increased pace in critical infrastructure planning and expenditure across Australia, enabling Synertec's Engineering business to continue to win new business in its target industries of critical infrastructure, energy, water and advanced manufacturing. During the year, Synertec was awarded various new contracts and existing contract extensions across these four key target sectors. Proportionality of revenue between these sectors has changed between FY21 and FY22. While in FY21 revenue was derived in almost four equal proportions of 25% each, in FY22 revenue was more weighted to Water (36%) and Critical Infrastructure (31%). Advanced Manufacturing (23%), where Synertec derived its niche expertise over 25 years ago and has applied this to its other target sectors, continues to be an important and relevant sector for Synertec's growth.

The Engineering business achieved stronger gross margins in FY22 (versus FY21) and has established a solid work in hand position, setting it on a path for self-sustainability. Some key awards received in the Engineering business during the year include;

- Engineering services to a new client in support of the development of a new green ammonia facility;
- Additional projects with existing client, APA, responding to the need to increase gas supply within Victoria;
- Additional scope with existing client, Beon Energy, for solar power projects in major water utilities;
- Engineering services for a water utility treatment plant system upgrade with John Holland/KBR JV;
- Additional contracts and Master Services Agreements ("MSAs") with long-time customers, CSL Limited, Pfizer and Aspen Pharmacare, to provide important Project Management, Automation, Validation and Design support to several of their critical pharma advanced manufacturing projects.

A significant additional engagement with Metro Trains Melbourne was also signed and announced by the Group during the year for the provision of services with an estimated price of circa $3 million, with provision for scope extensions, and a completion date of December 2024. This important contract will see Synertec deliver the Control and Monitoring System for the Metro Tunnel Project ("MTP").

The $11 billion-dollar MTP is one the largest infrastructure projects in Victoria. Synertec was awarded contract for works to design and supply the Control and Monitoring System to allow the safe and reliable operation of the new Metro Tunnel. Synertec has a strong rail industry reputation having already delivered several projects including critical safety systems on the existing underground rail loop.

Despite the growing global challenges resulting from the COVID-19 pandemic, including exceptionally strong ongoing demand for localised labour and the resulting substantial increase in labour and recruitment costs, the Company was able to significantly grow its team of highly skilled and talented people across the year to approximately 90 people, including almost 60 full time equivalent engineers, project managers and related professionals. This represents the largest workforce in the company's history, and almost doubles billable capacity from the prior year (which is reflected in the increase of 88% to Engineering Consultancy Services revenue of $8.8 million (30 June 2021: $4.3 million).

To accommodate this, during the year the Company invested in further Human Resource ("HR"), recruitment and team management capability, including the introduction of a General Manager of Engineering, to ensure its talented people are suitably developed, performing and retained. The Engineering business also restructured to a smaller team-based approach to ensure its people receive the development opportunities they require to grow and deepen the Company's valuable expertise, as well as improve retention of talent. Synertec is well placed and continues to further expand its engineering team to support new and expanded engagements, as well as the growing Technology arm of the Group.

ESG Reporting

Synertec is committed to building its Environmental, Social, and Governance ("ESG") credentials. The Company is making regular ESG disclosures against the World Economic Forum ("WEF") Stakeholder Capitalism framework. The WEF framework is a set of common metrics for sustainable value creation captured in 21 core ESG disclosures.

Synertec uses this universal ESG framework to align mainstream reporting on performance against ESG indicators. By integrating ESG metrics into governance, business strategy, and performance management process, the Company diligently consider all pertinent risks and opportunities in running our business.

The Company's progress toward making disclosures under the four pillars of the WEF ESG framework (Governance, Planet, People, and Prosperity) is captured in the regular "ESG Go" report.

Synertec's ESG activity summary for the year is as follows:

- Delivery of the Company's first annual ESG Report.
- Sustainability integrated into company strategy and values: the Environment, Social and Governance (ESG).
- The Board skills matrix was reviewed and approved and incorporates ESG competencies.
- The website has been expanded to include;
    - An Environmental, Social and Governance page declaring Synertec's commitment to the framework;
    - Expanded biographies of the Directors and their relevant experience; and
    - ISO accreditations in Quality (ISO 9001), Occupational Health & Safety (ISO 45001) and Environment (ISO 14001).
- Risk management systems have been reviewed for inclusion of ESG factors.
- Synertec has introduced, commenced and implemented ESG values and guidelines and structuring at Board level.
- The company commenced inducting new employees under ESG guidelines and framework.
- Synertec has partnered with Social Traders and is developing and reviewing its social enterprise procurement strategy to ensure it is embedded firmly across the Group's businesses.

Outlook

Synertec's is well positioned to support the Company's technology-led growth strategy, including commercialising large near-term ESG-focused technology opportunities in the energy sector; while also growing out its high-end engineering solutions business.

Synertec will continue to progress its Powerhouse technology over the next year, with plans to complete field testing, achieve sign-off and reach commercial terms with Santos Limited for future systems. The Company has also begun exploring opportunities for Powerhouse with partners in the United States.

The Company will continue to collaborate with its technology partner, GasLog, to progress CTS opportunities led by the Outer Harbour project in Australia, and progress field testing of the CDP technology in Australia with its technology partners.

While COVID-19 and global economic and supply-chain challenges remain, demand for ESG-focused technologies and engineering solutions continues to grow, particularly around large infrastructure projects in the energy, rail and water sectors. Synertec will continue to invest in its people to drive continued growth in its technology and engineering consultancy services over the next year.

With the commercialisation of Powerhouse progressing, a strong pipeline of work in the engineering business and a portfolio of technologies that help the global transition to a low carbon future, Synertec is well positioned to deliver growth into FY23 and beyond.

5. Litigation

There has been no litigation in the year and to the best of the Directors' knowledge there are no circumstances that would give rise to any potential litigation relating to this same period.

6. Dividends

There were no dividends paid, declared or recommended during the current or previous financial period.

7. Subsequent events

During the year ended 30 June 2022, the global Coronavirus (COVID-19) pandemic has continued to significantly influence market behaviour and as a result, has impacted the operations and financial results of the Company. While additional costs in relation to COVID-19 have been incurred by the Company during the year ended 30 June 2022, the longer term impacts on the operations of the Group remain uncertain and cannot be reliably quantified at this time. The Board remains confident and optimistic about the long term strategy of the Company and the economic fundamentals of the target markets in which it operates, delivering long term sustainable and profitable growth for its shareholders.

In order to fund and achieve its strategic objectives, Synertec undertook a share placement to various institutional and sophisticated investors and successfully raised $5.0 million (before costs) through a placement of 31.25 million new fully paid ordinary shares at $0.16 per share, as announced by the Company on 13 September 2022.

Capital raised through the Offer will be used to provide balance sheet support for execution of the dual strategy of commercialising several large near-term ESG-focused technology opportunities in the energy sector and growing out a high-end engineering solutions business as follows;

- $4.0 million - Drive technology development and commercialisation of its ESG-focused technologies to assist in the decarbonisation of Synertec's large and prestigious customer base; and
- $1.0 million - Working capital to fund a growing portfolio of engineering solutions with the Company's blue-chip customer base.

The Company has made several ASX announcements since year end which have provided updates of its significant strategic developments and operational progress within both its Technology and Engineering business units.

Taylor Collison and PAC Partners acted as Joint Lead Managers ("JLMs") to the Placement. The Company and the Lead Managers approached new sophisticated investors as well as clients of the Lead Managers to participate in the Placement. No securities were issued or agreed to be issued in the Placement to any related party.

Under the mandate with the JLM's;

- The JLM's will be paid a management fee of 2% of proceeds, being $100,000 (plus GST), and a selling fee of 4% of proceeds, being $200,000 (plus GST); and
- Subject to shareholder approval, the JLM's will be issued 3,600,000 unlisted options with an exercise price of $0.32 per option and an expiry date of 2 years from the date of issue.

8. Likely developments

Aside from the subsequent events noted above, it is not foreseen that the Group will undertake any change in its general operations during the coming financial period.

9. Material business risks

The key challenges for the Group going into FY22 are:

- Maintaining and building balance sheet strength;
- Delivering commercialisation of the suite of technology solutions and profitability of its engineering projects and programs of work for its customers; and
- Selecting technology and projects that can deliver acceptable returns for commensurate risk.

Material risks that could adversely affect the Group include the following:

Impact of COVID-19 and associated market risk on the Company
The global economic outlook remains highly uncertain due to the ongoing COVID-19 pandemic and resulting economic consequences and challenges. The COVID-19 pandemic had, and will likely continue to have, a significant impact on global capital markets. In addition, the Company's projects and/or pipeline of opportunities may be impacted by our customers' decisions to delay existing work Synertec is involved in or defer or cancel projects for which Synertec has bid and/or positioned itself in anticipation of being awarded in the short-term as well as international supply chain issues and/or the inability for the Company's workforce to expand and/or move between States or overseas to meet customer demand.

Synertec's exposure to economic cycles
The Company is exposed to the impact of economic cycles and, in particular, how these cycles increase and decrease future capital expenditure by States and Federal Government and by energy and resources companies and organisations involved in the development of critical infrastructure. These economic cycles are in turn impacted by a number of factors including: the fiscal condition of the economy; government policies on capital expenditure; and commodity prices.

Profitability of contracts
A portion of the Group's contracts are 'fixed price' in nature and to the extent costs exceed the contracted price, there is a risk these amounts may not be recovered. From time to time, variations to the planned scope occur or issues arise during the design or construction phase of a project, not anticipated at the time of bid. This may give rise to claims under the contract with the principal in the ordinary course of business. Where such claims are not resolved in the ordinary course of business, they may enter formal dispute and the outcome upon resolution of these claims may be materially different to the position taken by the Company.

Labour supply
Synertec's ability to remain productive, profitable and competitive and to affect its planned growth initiatives, depends on its ability to attract and retain skilled labour. Tightening of the labour market in key regions due to a shortage of skilled labour and competing employers for skilled labour, may inhibit Synertec's ability to hire and retain employees. Synertec is exposed to increased labour costs where the demand for labour is strong. A shortage of skilled labour could limit Synertec's ability to grow its business and lead to a decline in productivity and an increase in training costs and adversely affect its safety record. Each of these factors could materially adversely impact its revenue and, if costs increase or productivity declines, its operating margins.

Continuing support of Synertec from its bank and insurers
The Company and its bank and insurers undertake an annual review of the business. These reviews could reveal matters that require the bank or the Company's insurers to review their current arrangements with the Company.

During FY22, the Company continued to implement many initiatives to address the risks above. These initiatives included:

- Streamlining of organisational structure and project delivery and contracting;
- Strengthened project targeting and contracting strategy, which has seen a comprehensive filter applied to all potential new projects, ensuring we select projects that can deliver acceptable returns for commensurate risk. The Company has also improved its targeting of potential projects through a more strategic view of business and corporate development efforts, which should deliver greater value from the resources allocated to growing the business;
- Balance sheet strengthening via resetting of bank facilities and share placement in September 2022;
- Maintenance of dedicated State-based workforces in Victoria, Western Australia and Queensland to support projects in those and other states so as to minimise the need for interstate travel; and
- Synertec management meets regularly with its banker, insurance brokers and insurers to discuss operations, performance and developments within the business.

10. Environmental legislations

The Group's operations are not currently subject to significant environmental regulations under both Commonwealth and State legislation.

11. Company Secretary

Mr. David Harris is an Executive Director, the Company Secretary and Chief Financial Officer of Synertec Corporation Limited. Mr. Harris oversees Future Business and Technology, as well as corporate development, investor relations and finance functions for the Group.

Mr. Harris is a graduate of the Australian Institute of Company Directors, an Australian Chartered Accountant, and fellow of both the Financial Services Institute of Australasia and the Governance Institute of Australia. He has over 25 years of local and international experience in senior leadership and board positions for global and ASX-listed companies and is also an experienced Board member and Audit Risk Committee Chair.

12. Directors' meetings

The number of meetings of the Company's Board of Directors ("the Board") and of each Board committee held during the period 1 July to 30 June 2022, and the number of meetings attended by each Director were:

	Board Meetings		Audit and Risk Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Directors						
Dennis Lin	8	7	2	2	2	2
Leeanne Bond	8	8	2	2	2	2
Michael Carroll	8	8	2	2	2	2
David Harris	8	8	2	2	2	2

Where:
- column A is the number of meetings the Director was entitled to attend
- column B is the number of meetings the Director attended

13. Unissued shares under option

During the year, at the Company's 2021 Annual General Meeting, shareholders approved the grant of unlisted options with a 1-year expiry to the Company's Independent Non-Executive Director, Board and Nomination and Remuneration Committee Chair, Mr. Dennis Lin (2,173,913 options, strike price $0.023); and Executive Director, Chief Financial Officer and Company Secretary, Mr. David Harris (2,173,913 options, strike price $0.023; and 2,173,913 options, nil strike price); for their contribution to the achievement of various strategic objectives over preceding periods.

During the year, at the Company's 2021 Annual General Meeting, shareholders approved the grant of 10,000,000 unlisted options with an exercise price of $0.20 (a 100% premium to the share placement price of $0.10) and term expiry of 3 years, to its Joint Lead Managers and Brokers in the share placement conducted by the Company in August 2021. As a result Taylor Collison's nominees received a total of 6,000,000 options and PAC Partners nominees received a total of 3,500,000 options.

14. Remuneration report

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity.

Key management personnel are those persons having authority for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns Executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board of Directors ("the Board") ensures that Executive reward satisfies the following key criteria for good reward governance practices;

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation; and
- transparency.

The Board maintains a Nomination and Remuneration Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and the Executive Team.

The Nomination and Remuneration Committee ('Committee') assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive Team.

The Group seeks to remunerate Directors and Executives in accordance with the general principles recommended by the ASX. The Group is committed to remunerating Executives in a manner that is market-competitive, reflects duties and supports the interests of shareholders.

The reward framework is designed to align Executive reward to shareholders' interest. The Board have considered that it should seek to enhance shareholders' interests by:

- focusing on sustained growth in shareholder wealth, consisting of growth in share price, and delivering constant or increasing return on assets as well as focusing the Executive on key non-financial drivers of value; and
- attracting and retaining high calibre people.

Additionally, the reward framework should seek to enhance Executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of Non-Executive Directors and Executive remuneration is separate.

Non-Executive Directors' remuneration

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed by the Board as a whole.

ASX Listing Rules require that the aggegate Non-Executive Directors' remuneration shall be determined periodically by a general meeting. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting.

Link between remuneration and performance

FY 2020 AND 2021 PERFORMANCE AND IMPACT ON REMUNERATION

The Group's overall performance and return to shareholders remained strong across FY20 and FY21 with the business continuing to achieve many key strategic objectives and KPIs despite difficult trading conditions brought about by the COVID-19 pandemic and flow-on consequences in our Australian market. This provided a substantial platform for growth in FY22 and the formalisation of the Group's Technology business.

To assist in this assessment, the Committee receives detailed reports on performance from management which are based on KPIs established by the Board at the beginning of the financial year, independently verifiably data such as audited financial measures and independent market data. For more information on strategic priorities and 2020 and 2021 results, see the operating and financial review in the 2020 and 2021 Annual Reports and the 2021 Annual General Meeting Notice of Meeting. As a result of the continued performance and resulting strong shareholder returns over the past two years, the Board awarded certain senior management and key staff throughout the business cash incentives from a total pool of $100,000.

Also, during the period, at the Company's 2021 Annual General Meeting, shareholders approved the grant of unlisted options to the Company's Independent Non-Executive Director, Board and Nomination and Remuneration Committee Chair, Mr. Dennis Lin; and Executive Director, Chief Financial Officer and Company Secretary, Mr. David Harris; for their contribution to the achievement of various strategic objectives over preceding periods. A professional independent valuation of the options has been performed by accounting and advisory firm, RSM Australia. The attributed equivalent value of this award is accounted for as a share-based payment and reflected in the employee benefits expense for the year ended 30 June 2022.

Maintaining sustainable performance – future approach

The Group is anticipating a period of substantial growth in key markets (including commercialisation of transformative technology currently in development and continued growth in the engineering business which is integral to supporting the technology business) but anticipates significant competition in those markets in the next 1-5 years. In order to increase the focus on sustainable performance, the remuneration committee proposes to progressively shift the weighting from STI to LTI in the Executives' pay mix. This will be done through awarding remuneration increases primarily in the form of incentive pay. Measures of performance will also be reviewed to place greater weight on those non-financial indicators of performance that will improve sustainability of operations.

Balancing short-term and long-term performance

Annual incentives are generally set at a maximum of 50% of fixed remuneration, in order to drive performance without encouraging undue risk-taking. Sustainability of results is also ensured by the deferral of a portion of short-term incentives for at least two years. This also encourages talent retention. Long-term incentives are generally assessed over a three year period and are designed to promote long-term stability in shareholder returns.

Voting of shareholders at last year's annual general meeting

The Company received 65% of "yes" votes on its remuneration report for the 2021 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Details of remuneration
Amounts of remuneration
Details of remuneration of key management personnel of the consolidated entity are set out in the following tables.

2022	Short-term benefits: Cash salary and fees	Short-term benefits: Bonus	Post-employment benefits: Super-annuation	Post-employment benefits: Termi-nation**	Equity: Options	Long-term benefits: Long service & annual leave	Total
	$	$	$	$	$	$	$
Independent Non-Executive Directors							
Dennis Lin (Chair)	77,626	-	7,763	-	110,870	-	196,259
Leeanne Bond*	50,000	-	-	-	-	-	50,000
Executive Directors							
Michael Carroll (Managing Director)	348,101	31,818	25,967	-	-	1,793	407,679
David Harris - (Executive Director/ Chief Financial Officer / Company Secretary)	300,725	22,727	27,488	-	271,739	37,859	660,538
Other Key Management Personnel							
Joern Buelter - (Chief Operating Officer)	25,956	-	3,956	103,289	-	(4,443)	128,758
Total remuneration of key management personnel	**802,407**	**54,545**	**65,173**	**103,289**	**382,609**	**35,209**	**1,443,233**

* This was paid to Breakthrough Energy Pty Ltd
** The role of Chief Operating Officer was made redundant on 20 August 2021.

2021	Short-term benefits: Cash salary and fees	Short-term benefits: Bonus	Post-employment benefits: Super-annuation	Post-employment benefits: Termi-nation	Equity: Shares & share rights	Long-term benefits: Long service & annual leave	Total
	$	$	$	$	$	$	$
Independent Non-Executive Directors							
Dennis Lin (Chair)	46,804	-	4,446	-	-	-	51,250
Leeanne Bond*	63,500	-	-	-	-	-	63,500
Kiat Poh (resigned 31 March 2021)	30,000	-	-	-	-	-	30,000
Executive Directors							
Michael Carroll (Managing Director)	286,594	-	27,226	-	-	6,110	319,930
David Harris - (Executive Director/ Chief Financial Officer / Company Secretary)	255,708	-	24,292	-	23,972	27,797	331,769
Other Key Management Personnel							
Joern Buelter - (Chief Operating Officer)	181,500	-	17,243	-	14,383	6,015	219,141
Total remuneration of key management personnel	**864,106**	**-**	**73,207**	**-**	**38,355**	**39,922**	**1,015,590**

During the period, at the Company's 2021 Annual General Meeting, shareholders approved the grant of unlisted options to the Company's Independent Non-Executive Director, Board and Nomination and Remuneration Committee Chair, Mr. Dennis Lin; and Executive Director, Chief Financial Officer and Company Secretary, Mr. David Harris; for their contribution to the achievement of various strategic objectives over preceding periods. A professional independent valuation of the options has been performed by accounting and advisory firm, RSM Australia. The attributed equivalent value of this award is accounted for as a share-based payment and reflected in the employee benefits expense for the year ended 30 June 2022.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at 1 July 2021	Received as part of remuneration	Additions/ (Disposals)	Options Exercised	Balance at 30 June 2022
Independent Non-Executive Directors					
Dennis Lin	-	-	-	-	-
Leeanne Bond[1]	2,785,576	-	-	-	2,785,576
Executive Directors					
Michael Carroll (Managing Director)[2]	49,398,496	-	-	-	49,398,496
David Harris (Executive Director/ Company Secretary/ Chief Financial Officer)[3]	2,137,733	-	-	-	2,137,733

1. Shares held by Bondatron Pty Ltd ATF Bondatron Super Fund A/C.
2. Shares held by Kensington Trust Singapore ("KTSL") Limited in which Michael Carroll is considered to have 100% interest in the shares in KTSL. All the issued share capital of KTSL is beneficially owned by TMF Trustees Singapore Limited as trustee of the Pinnacle (MCGA) Retirement Fund.
3. Shares held by David Harris consist of 2,137,733 shares held by DDGG Harris Holdings Pty Ltd ATF DDGG Harris Superannuation Fund.

Options held by key management personnel

	Balance at 1 July 2021	Received as part of remuneration	Additions/ (Disposals)	Options Exercised	Balance at 30 June 2022
Independent Non-Executive Directors					
Dennis Lin	-	2,173,913	-	-	2,173,913
Leeanne Bond	-	-	-	-	-
Executive Directors					
Michael Carroll (Managing Director)	-	-	-	-	-
David Harris (Executive Director/ Company Secretary/ Chief Financial Officer)	-	4,347,826	-	-	4,347,826

Share based payments

During the year, at the Company's 2021 Annual General Meeting, shareholders approved the grant of unlisted options with a 1-year expiry to the Company's Independent Non-Executive Director, Board and Nomination and Remuneration Committee Chair, Mr. Dennis Lin (2,173,913 options, strike price $0.023); and Executive Director, Chief Financial Officer and Company Secretary, Mr. David Harris (2,173,913 options, strike price $0.023; and 2,173,913 options, nil strike price); for their contribution to the achievement of various strategic objectives over preceding periods. A professional independent valuation of the options has been performed by accounting and advisory firm, RSM Australia. The attributed equivalent value of this award is accounted for as a share-based payment and reflected in the employee benefits expense for the year ended 30 June 2022.

The fair value of share-based payment transactions was determined using a ESO2 trinomial valuation model. The model requires certain inputs in order to determine an appropriate fair value. These inputs include share price at grant date, risk free rate, volatility factor, exercise price, time to maturity and expected dividend yield.

The above fair value calculation was based upon the following inputs.

	Tranche 1	Tranche 2
Grant date	16-Dec-21	16-Dec-21
Share price at grant date	$0.075	$0.075
Exercise price	Nil	$0.023
Expiry Date	14-Jan-22	14-Jan-22
Expected Future Volatility	90%	90%
Risk Free Rate	0.55%	0.55%
Early Exercise Multiple	N/A	2.5x
Dividend Yield	Nil	Nil

Additional disclosures relating to key management personnel
There were no other transactions with key management personnel during the year.

This concludes the remuneration report.

15. Indemnities given to, and insurance premiums paid for, officers and auditors

Officers
During the year, Synertec Corporation Limited paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

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

Auditors
The Group has not agreed to indemnify the auditor of the Group and any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

16. Auditor

Grant Thornton Audit Pty Ltd continues in office.

17. Officers of the Group who are former audit partners of auditor

There are no officers of the Group who are former audit partners of Grant Thornton Audit Pty Ltd.

18. Non-audit services

During the year, the firm of Grant Thornton, the Group's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Group, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 27 to the financial statements.

19. Proceedings on behalf of the Group

No person has applied to the Court for leave to bring proceedings on behalf of the Group, or to 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 part of those proceedings.

This report is made in accordance with a resolution of directors.

For and on behalf of the Directors,

Mr. Michael Carroll
Managing Director
Melbourne, Australia
20 September 2022

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Synertec Corporation Limited and its controlled entities (the Group) have adopted the fourth edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council.

The Group's Corporate Governance Statement for the financial year ending 30 June 2022 is accurate and up to date as at 20 September 2022 and was approved by the Board on 20 September 2022. The Corporate Governance Statement is available on the Synertec Corporation Limited website www.synertec.com.au.

In Australian dollars	Note	30 June 2022	30 June 2021
Revenue & other income			
Revenue	5	10,886,378	8,385,690
Other income	6	1,202,416	50,000
Total Revenue & other income		**12,088,794**	**8,435,690**
Expenses			
Materials and service expense		(1,222,623)	(1,809,131)
Employee benefit expenses	7	(9,676,081)	(6,056,366)
Depreciation and amortisation expense	15,16	(517,313)	(374,256)
Technology research and development costs		(2,531,213)	-
Business and corporate development expenses	8(a)	(420,693)	(831,203)
Other expenses	8(b)	(1,566,308)	(1,548,950)
Net interest expense	9	(135,797)	(104,149)
Total expenses		**(16,070,028)**	**(10,724,055)**
Loss before tax		**(3,981,234)**	**(2,288,365)**
Income tax expense	10(i)	-	(1,062,631)
Loss after tax		**(3,981,234)**	**(3,350,996)**
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive loss for the year		**(3,981,234)**	**(3,350,996)**
Earnings per share (cents)			
Basic loss per share	23	(1.14)	(1.18)
Diluted loss per share	23	(1.11)	(1.18)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

In Australian dollars	Note	30 June 2022	30 June 2021
Assets			
Cash and cash equivalents	11	4,120,753	2,625,853
Trade and other receivables	12	2,519,135	1,746,872
Contract assets	13	1,339,443	655,170
Other assets	14	513,924	1,276,628
Total current assets		**8,493,255**	**6,304,523**
Non-current assets			
Property, plant and equipment	15	1,788,498	1,923,555
Intangible assets	16	621,085	-
Total non-current assets		**2,409,583**	**1,923,555**
Total assets		**10,902,838**	**8,228,078**
Liabilities			
Trade and other payables	17	3,005,665	3,015,332
Employee benefits	18	855,427	677,758
Contract liabilities	19	50,053	201,109
Lease liabilities	20	86,985	96,581
Total current liabilities		**3,998,130**	**3,990,780**
Non-current liabilities			
Trade and other payables	17	151,241	504,166
Lease liabilities	20	1,431,459	1,499,459
Employee benefits	18	161,193	137,235
Total non-current liabilities		**1,743,893**	**2,140,860**
Total liabilities		**5,742,022**	**6,131,640**
Net assets		**5,160,816**	**2,096,437**
Equity			
Issued capital	21	8,518,510	2,097,506
Share option reserve	24	624,609	-
Retained earnings		(3,982,303)	(1,069)
Total equity		**5,160,816**	**2,096,437**

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

In Australian dollars	Note	Issued capital	Share option reserve	Retained earnings	Total
		$	$	$	$
Balance at 1 July 2020		596,139	-	3,349,927	3,946,066
Issue of shares		1,608,412	-	-	1,608,412
Capital raising costs		(107,045)	-	-	(107,045)
Loss for the year		-	-	(3,350,996)	(3,350,996)
Total comprehensive income		-	-	(3,350,996)	(3,350,996)
Balance at 30 June 2021		**2,097,506**	**-**	**(1,069)**	**2,096,437**
Balance at 1 July 2021		2,097,506	-	(1,069)	2,096,437
Issue of shares		7,147,211	-	-	7,147,211
Capital raising costs		(726,207)	-	-	(726,207)
Employee share-based payments	7, 24	-	382,609	-	382,609
Broker options on issue	24	-	242,000	-	242,000
Loss for the year		-	-	(3,981,234)	(3,981,234)
Total comprehensive income		-	-	(3,981,234)	(3,981,234)
Balance at 30 June 2022	21	**8,518,510**	**624,609**	**(3,982,303)**	**5,160,816**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

In Australian dollars	Note	30 June 2022	30 June 2021
Cash flows from operating activities			
Cash receipts from customers		11,824,270	8,940,522
Cash paid to suppliers and employees		(13,348,195)	(8,744,986)
Cash (used in)/generated from operations		(1,523,926)	195,536
Government grant received		88,426	-
Payments for R&D activities		(2,558,249)	-
Payments for corporate development activities		(261,940)	(554,074)
Repayment of COVID deferred payments relating to prior year		(570,390)	-
Interest received		-	933
Net cash used in operating activities	11A(i)	**(4,826,079)**	**(357,605)**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	18,182
Loan funds paid by/(to) technology partner		255,000	(849,189)
Payment for intangible asset associated costs		(176,705)	-
Purchase of property, plant and equipment		(196,628)	(437,493)
Net cash used in investing activities		**(118,334)**	**(1,268,501)**
Cash flows from financing activities			
Payments for capital raising costs		(484,207)	(107,045)
Proceeds from issue of shares		7,147,211	1,512,526
Repayment of finance lease liabilities		(223,691)	(193,521)
Net cash from financing activities		**6,439,313**	**1,211,960**
Net decrease in cash and cash equivalents		**1,494,900**	**(414,145)**
Cash and cash equivalent at beginning of the year		2,625,853	3,039,998
Cash and cash equivalents at end of the year	11A(iii)	**4,120,753**	**2,625,853**

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

1. General information and statement of compliance

The financial statements cover Synertec Corporation Limited as a consolidated entity consisting of Synertec Corporation Limited (referred as the 'Company' or 'Parent Company') and the entities it controlled at the end of, or during, the year ended 30 June 2022 (together referred to as the 'Group').

Synertec Corporation Limited is the Group's Ultimate Parent Company. It is a public company (limited by shares) incorporated in Bermuda, and listed on the Australian Securities Exchange (ASX:SOP).

Its registered office is: Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

Its registered office in Australia is: Ground Floor, 2-6 Railway Parade, Camberwell, VIC 3124, Australia.

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report, which is not part of the financial statements.

The financial statements were approved and authorised for issue, in accordance with a resolution of directors, on 20 September 2022.

2. Significant accounting policies

2.1 Basis of accounting
The consolidated general purpose financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Synertec Corporation Limited is a for-profit entity for the purpose of preparing the financial statements.

2.2 Basis of measurement
The financial statements have been prepared on the historical cost basis unless otherwise stated.

2.3 Functional and presentational currency
These financial statements are presented in Australian dollars, which is the Group's functional currency and presentation currency.

2.4 Basis of consolidation
The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2022. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition; or up to the effective date of disposal, as applicable.

2.5 Revenue and other income
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

The Group's main revenue streams are as follows:

Engineering services
The Group provides engineering services relating to the design and engineering of customised Systems, Process, Chemical, Mechanical Design, Automation, Safety, Electrical and Software Engineering solutions. Revenue from these services is recognised on a time-and-materials basis as the services are provided and the performance obligation is satisfied. Customers are invoiced monthly as work progresses. Any amounts remaining unbilled at the end of a reporting period are presented in the statement of financial position as Contract assets as only the passage of time is required before payment of these amounts will be due.

2.5 Revenue and other income (continued)

Fixed price solutions
The Group enters into contracts for the design, engineering and construction of customised engineering solutions in exchange for a fixed fee and recognises the related revenue over time. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation.

To depict the progress by which the Group transfers control of the systems to the customer, and to establish when and to what extent revenue can be recognised, the Group measures its progress towards complete satisfaction of the performance obligation by comparing actual input costs (hours and purchases) spent to date with the total estimated costs required to design, engineer, and construct each solution. The percentage complete basis provides the most accurate depiction of the transfer of goods and services to each customer due to the Group's ability to make reliable estimates of the total number of costs required to complete the Project, arising from its significant historical experience constructing similar solutions.

Advanced receipt
When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the statement of financial position as Contract liabilities.

Warranty period
The Group provides warranty on some of its engineering solutions. Under the terms of this warranty customers can request rectification or replacement works if the solution provided by the Group fails to perform in accordance with the agreed contract and specifications. These warranties are accounted for under IFRS 137 Provisions, Contingent Liabilities and Contingent Assets.

Research and development tax credits
Research and development ('R&D') tax credits relate to technology projects, for which eligible R&D activities are being undertaken. The federal government's Research and Development Tax Incentive program (R&DTI) offers a tax offset for companies conducting eligible R&D activities. Companies in a tax loss position are able to obtain a refund of the tax offset. When management is able to calculate a reasonable estimate of the R&DTI refund likely to be received for a financial year, that amount is recognised in the financial year to which the refund relates. When a reasonable estimate cannot be determined, income from the R&DTI refund is recognised when it is received.

The Group is eligible for a 43.5% refundable R&D tax offset on applicable research and development activities given that its aggregate turnover is less than $50 million. The permanent tax benefit is currently 18.5% (FY21: 17.5%) of R&D expenditure and the timing benefit is 25% (FY21: 26%), which is equivalent to the Group's corporate tax rate. The Group has recognised the R&D credit on an accrual basis.

2.6 Operating expenses
Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

2.7 Finance income and finance costs
The Group's finance income and finance costs include:
- interest income;
- interest expense; and
- lease finance costs as a result of IFRS 16.

Interest income or expense is recognised using the effective interest method.

2.8 Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of the Group at the exchange rates at the dates of the transactions (spot exchange rate).

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

2.9 Income taxes

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates items recognised directly in equity or in other comprehensive income (OCI).

(i) Current tax
Current income tax assets and / or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are always provided for in full.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Group has a right and intention to set-off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively. Synertec Corporation Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Synertec Holdings Pty Ltd is responsible for recognising the current tax liabilities of the Australian tax consolidated group. The tax consolidated group has entered into an agreement whereby each component in the Group contributes to income tax payable in proportion to their contributions to the taxable profit of the tax consolidated group.

2.10 Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Property, plant and equipment
(i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure
Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

2.11 Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of property, plant and equipment are as follows:

• Motor Vehicles	10 years
• Furniture and Equipment	16 years
• Computers	3 years

In the case of leasehold improvements, expected useful lives are determined by reference to comparable owned assets or over the term of the lease if shorter.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2.12 Intangible Assets

Research and development costs

Research costs are expensed as incurred.

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales.

During the period of development, the asset is tested for impairment annually.

Licences

The Group acquired a licence. The licence for the use of intellectual property is granted for an initial period of 3 years. In accordance with the terms of the Licence Agreement, Synertec will make additional consideration milestone payments of 2.5 million fully paid ordinary shares each (at an equivalent value of 10 cents per share) after 3 and 5 years respectively, based on CDP revenue hurdles of $2 million by year 3 and $5 million by year 5 being achieved.

As a result, the licence is amortised over 3 years.

There are no ongoing royalty fees associated with the Licence Agreement. The Milestone Licence fees will be accounted at cost at each Milestone date, if achieved. They constitute contingent liabilities.

2.13 Impairment

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security.

(ii) Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets measured at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

2.13 Impairment (continued)

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(iii) Non-financial assets
At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amount of assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the unwinding of the discount is recognised as finance cost.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow is remote in which case, no liability is recognised.

2.15 Employee benefits

(i) Defined contribution plans
Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Other long-term employee benefits
The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value using high quality corporate bond rates. Remeasurements are recognised in profit or loss in the period in which they arise.

(iv) Share-based payment
The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date.

2.15 Employee benefits (continued)

(iv) Share-based payment (continued)

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied. If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification. If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited. If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

2.16 Leases

For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

1. the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
2. the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
3. the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily availale or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

2.16 Leases (continued)

Measurement and recognition of leases as a lessee (continued)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in lease liabilities.

2.17 Goods and Services Tax

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

2.18 Financial instruments

The Group does not hold derivative financial assets. Where required the Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, and loans and receivables.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities - recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets - measurement

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

(iii) Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

3. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3.1 Judgements
Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 2.5 – Revenue and other income.

Judgement is required to determine whether deferred tax assets are recognised in the balance sheet. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in the future periods in order to recognise and utilise those deferred tax assets. Judgement is also required in respect of the expected manner of recovery of the value of an asset or liability (which will then impact the quantum of the deferred tax assets or deferred tax liabilities recognised) and the application of existing laws.

Estimates of future taxable income are based on forecast cash flows from operations and existing tax laws in each jurisdiction. These assessments require the use of estimates and assumptions such as exchange rates, commodity prices and operating performance over the life of the assets. To the extent that cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets reported at the reporting date could be impacted.

Additionally, future changes in tax laws in which the Group operates could limit the ability of the Group to obtain tax deductions and recover/utilise deferred tax assets in future periods.

The carrying amount of recognised and unrecognised deferred tax assets was reviewed at 30 June 2022. While the Board remains confident and optimistic about the long term strategy of the Company and the economic fundamentals of the target markets in which it operates delivering long term sustainable and profitable growth for its shareholders, the Board resolved to adopt a prudent approach with respect to the judgements involved in determining the carrying value of the deferred tax asset, considering the current and potential pandemic and economic environment. No deferred tax assets have been recognised in the accounts of the Group.

3.2 Assumptions and estimation uncertainties

Contract assets - recognition of project revenue
Recognising project revenue requires judgement in determining milestones, actual work performed and/or the estimated costs to complete the work.

Property, Plant and Equipment - useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of assets. Uncertainties in these estimates relate to potential obsolescence that may change the utility of certain equipment.

Research and Development tax credits
The Group has recognised Research and Development tax credits on an accrual basis. As the Company's return has not yet been submitted, the consolidated entity has made an estimate of the likely refund amount based on the preliminary number provided by the Company's external tax consultant.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or BlackScholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 7 and 22.

4. Operating segments

Since 1 July 2021, as announced by the Company during the year, the Group restructured the business to form two key areas of operation, being Engineering Solutions ('Engineering') and Technology and Future Business ('Technology'). These two divisions/segments are managed separately as each requires different skills, technologies, marketing approaches and other resources. This is the basis on which information is internally provided to the Chief Operating Decision Makers ('CODMs') for assessing performance and making operating decisions. All inter-segment transfers are conducted at arm's length prices based on prices charged to customers in stand-alone sales of identical goods or services.

The segment disclosures are before corporate costs. The Corporate area of the Group, which is a cost centre, includes the Board and Executives which oversee the function and strategic direction of Engineering and Technology, as well as the governance, financing and operation of the public ASX-listed head parent company, Synertec Corporation Limited. The activities of the head company include governance oversight, finance and related affairs, corporate development, investor relations and other functions associated with the operation and regulatory compliance of the Group's head company.

It includes parent company costs and interest income and charges which are not otherwise allocated to operating segments as this type of activity is driven by the Group function, which manages the cash position, governance and compliance for the Group as a whole.

The Board assesses the performance of the operating segments based on a measure of Adjusted EBITDA, which excludes the effects of non-operating and non-recurring costs.

The revenues and profit generated by each of the Group's two key business segments and the Corporate division, and their respective segment assets and liabilities are summarised as follows:

	1 July 2021 to 30 June 2022		
	Engineering	Technology	Total
Revenue and other income			
From external customers	10,886,378	-	**10,886,378**
From other segments[1]	2,219,359	-	2,219,359
Government incentives	-	1,202,416	1,202,416
Segment revenues and other income	**13,105,737**	**1,202,416**	**14,308,153**
Segment Adjusted EBITDA	**(200,232)**	**(1,988,407)**	**(2,188,639)**
Depreciation and amortisation	(359,097)	(158,215)	(517,312)
Redundancy payments[2]	(55,846)	-	(55,846)
Share-based payments	-	(160,870)	(160,870)
Segment EBIT	**(615,175)**	**(2,307,491)**	**(2,922,666)**
Assets and Liabilities			
Segment assets	**6,180,767**	**4,553,649**	**10,734,417**
Segment liabilities	**5,247,029**	**236,483**	**5,483,513**

[1] The revenue recognised by the Engineering business includes the provision of services to the Technology business, primarily relating to the development of the Powerhouse and CTS technologies.

[2] This relates to redundancy payments paid to the Chief Operating Officer, whose role was made redundant on 20 August 2021.

The totals presented for the Group's operating segments reconcile to the key financial figures as presented in its financial statements as follows:

	1 July 2021 to 30 June 2022
(i) Revenue and other income	
Total reportable segment revenues	14,308,152
Elimination of inter-segment revenues	(2,219,359)
	12,088,794
(ii) Segment operating profit/(loss)	
Segment EBIT	(2,922,666)
Elimination of inter-segment profits	274,038
Corporate expenses	(1,187,763)
Group operating loss	**(3,836,391)**
Finance income	539
Finance costs	(145,383)
Group loss before tax	**(3,981,234)**
(iii) Segment assets	**30 June 2022**
Segment assets	10,734,417
Corporate assets	168,421
Total assets	**10,902,838**
(iv) Segment liabilities	
Segment liabiliies	5,483,513
Corporate liabilities	258,509
Total liabilities	**5,742,022**

5. Revenue

	30 June 2022	30 June 2021
Engineering services	8,847,611	4,696,765
Fixed price solutions	2,038,767	3,688,925
	10,886,378	**8,385,690**

6. Other income

Government benefits - research and development tax credits	**1,202,416**	**50,000**

Research and development ('R&D') tax credits relate to technology projects, for which eligible R&D activities are being undertaken. The federal government's Research and Development Tax Incentive program (R&DTI) offers a tax offset for companies conducting eligible R&D activities. Companies in a tax loss position are able to obtain a refund of the tax offset. When management is able to calculate a reasonable estimate of the R&DTI refund likely to be received for a financial year, that amount is recognised in the financial year to which the refund relates. When a reasonable estimate cannot be determined, income from the R&DTI refund is recognised when it is received.

The Group is eligible for a 43.5% refundable R&D tax offset on applicable research and development activities given that its aggregate turnover is less than $50 million. The permanent tax benefit is currently 18.5% (FY21: 17.5%) of R&D expenditure and the timing benefit is 25% (FY21: 26%), which is equivalent to the Group's corporate tax rate. The Group's taxable loss must be greater than R&D expenditure to access the full timing benefit. Given the Group's current tax loss position, the Group is entitled to a refundable benefit of 43.5% on all its eligible research and development expenditure.

The tax credits recognised for the period ended 30 June 2022 are expected to be refunded to the Group following lodgement of its annual income tax return.

7. Employee benefits expense

Recognised in profit or loss			
Gross employee benefits expense		8,542,295	6,434,205
Superannuation expense		751,177	520,774
Share-based payments	22	382,609	95,887
		9,676,081	7,050,866
JobKeeper benefit		-	(994,500)
Employee benefits expense in the statement of profit or loss and other comprehensive income		**9,676,081**	**6,056,366**

8. Business and corporate development expenses & Other expenses

(a) Business and corporate development expenses		
Business development costs	259,974	277,129
Corporate development costs	160,719	554,074
	420,693	**831,203**
(b) Other expenses		
IT and telecommunication costs	343,304	283,086
Legal, professional fees and insurances	742,879	746,452
Administrative expenses	480,125	519,412
	1,566,308	**1,548,950**

9. Interest expense

Recognised in profit or loss

	Note	30 June 2022	30 June 2021
Interest income			
	9(i)	9,586	45,414
		9,586	**45,414**
Facility interest & charges	9(ii)	(50,949)	(51,981)
Lease finance costs		(94,434)	(97,582)
		(145,383)	**(149,563)**
Net interest expense		**(135,797)**	**(104,149)**

9(i) Interest income comprised of interest receivable on loan provided to GreenTech.
9(ii) The Group incurred finance costs during the year related to its bank guarantee facility provided by its corporate banker ANZ.

10. Taxes

	30 June 2022	30 June 2021
(i) Tax recognised in profit or loss		
Deferred tax expense		
Origination and reversal of temporary differences	-	(1,062,631)
Income tax expense	**-**	**(1,062,631)**
(ii) Reconciliation of effective tax rate		
Loss before tax	**(3,981,234)**	**(2,288,373)**
Income tax benefit using the Group's domestic tax rate (25%, FY21:26%)	(995,308)	(594,977)
Non-deductible expenses	(201,184)	9,938
R&D net benefit	634,748	-
Current year DTA movement not recognised	561,744	648,496
Prior year DTA derecognised	-	999,174
Income tax expense/(benefit)	**-**	**1,062,631**
(iii) Movement in deferred tax assets		
Opening balance	75,605	1,074,779
Charged to profit and loss	154,904	(999,174)
Closing balance	**230,509**	**75,605**
(iv) Movement in deferred tax liabilities		
Opening balance	(75,605)	(12,148)
Charged to profit and loss	(154,904)	(63,457)
Closing balance	**(239,509)**	**(75,605)**
(v) Movement in net deferred tax asset/(liability)		
Opening balance	-	1,062,631
Charged to profit and loss	-	(1,062,631)
Closing balance	**-**	**-**

The carrying amount of recognised and unrecognised deferred tax assets was reviewed at 30 June 2022. While the Board remains confident and optimistic about the long term strategy of the Company and the economic fundamentals of the target markets in which it operates delivering long term sustainable and profitable growth for its shareholders, the Board resolved to adopt a prudent approach with respect to the judgements involved in determining the carrying value of the deferred tax asset, considering the current and potential pandemic and economic environment. No deferred tax assets have been recognised in the accounts of the Group.

vi) Deferred tax assets not brought to account at reporting date

	30 June 2022	30 June 2021
Temporary differences	396,119	369,015
Unused carry forward tax losses	1,863,175	1,253,792
	2,259,294	**1,622,807**

Deferred tax assets are not subject to any expiry date or limited to a certain type of taxable income and remain available to be deducted from any future taxable profits of the Company. This includes unused carry forward tax losses not brought to account as at 30 June 2022, which amount to $1,863,175. At the current Australian corporate income tax rate applicable to the Company of 25% (FY21: 26%), this equates to approximately $7.5 million in taxable profits that potentially could be earned by the Company before an income tax expense is incurred, subject to applicable laws and regulations.

(vii) Movement in deferred tax balances during the year

	Balance 30-Jun-2020	Recognised in profit or loss	Recognised in other comprehensive income	Balance 30-Jun-2021	Recognised in profit or loss	Recognised in other comprehensive income	Balance 30-Jun-2022
Deferred tax assets							
Employee benefits	162,837	(87,232)	-	75,605	154,904	-	230,509
Deferred income	-	-	-	-	-	-	-
Corporate transaction costs	107,167	(107,167)	-	-	-	-	-
Other payables	57,870	(57,870)	-	-	-	-	-
Carry forward tax losses	746,905	(746,905)	-	-	-	-	-
Total Deferred tax assets	**1,074,779**	**(999,174)**	**-**	**75,605**	**154,904**	**-**	**230,509**
Deferred tax liabilities							
Prepayments	(130)	115	-	(15)	15	-	-
Intangible asset	-	-	-	-	(155,271)	-	(155,271)
Fixed assets	(11,074)	(52,708)	-	(63,782)	(11,456)	-	(75,238)
Leases	(944)	944	-	-	-	-	-
Accrued interest	-	(11,808)	-	(11,808)	11,808	-	-
Total Deferred tax liabilities	**(12,148)**	**(63,457)**	**-**	**(75,605)**	**(154,904)**	**-**	**(230,509)**
Net Deferred taxes	**1,062,631**	**(1,062,631)**	**-**	**-**	**-**	**-**	**-**

11. Cash and cash equivalents

	Note	30 June 2022	30 June 2021
Bank balances		4,119,490	2,624,522
Cash on hand		1,263	1,331
Cash and cash equivalents		**4,120,753**	**2,625,853**

11A. Cash flow information

(i) Reconciliation of cash flows from operating activities

Cash flows from operating activities

	Note	30 June 2022	30 June 2021
Loss for the year		(3,981,234)	(3,350,996)
Adjustments:			
Depreciation and amortisation	15,16	517,313	374,256
Interest costs		135,797	104,149
Share-based payments	7	382,609	95,887
Loss on sale of property, plant and equipment		-	16,758
Tax expense	10(i)	-	1,062,631
		(2,945,515)	(1,697,315)
Change in contract assets		(684,273)	731,741
Change in other assets		(694,151)	431,401
Increase in non current assets		(776,705)	-
Change in trade and other receivables		705,540	(1,237,694)
Change in trade and other payables		(362,595)	1,013,716
Change in employee benefits		201,628	222,856
Change in finance liabilities		(77,596)	(3,729)
Change in contract liabilities		(151,056)	185,976
Cash used in operating activities		(4,784,724)	(353,049)
Interest paid net of interest received		(41,357)	(6,567)
Realised foreign currency gains		-	2,011
Net cash used in operating activities		**(4,826,079)**	**(357,605)**

(ii) Credit standby arrangement

The Company has the following credit standby facilities which are subject to bank review annually:

	30 June 2022	30 June 2021
Bank guarantee (1)	700,000	700,000
Credit Card	100,000	50,000
Total	**800,000**	**750,000**
Utilised		
Bank guarantee	544,109	346,226
Credit Card	93,728	20,311
Total	**637,837**	**366,537**

(1) The Company is not subject to any covenants on its facilities with its corporate banker ANZ.

12. Trade and other receivables

	30 June 2022	30 June 2021
Current		
Trade receivables	1,062,290	1,746,872
Other receivables	1,456,845	-
Current	**2,519,135**	**1,746,872**

Included in other receivables is R&D tax credits amounting to $1,113,989, recognised for the period ended 30 June 2022 expected to be refunded to the Group following lodgement of its annual income tax return.

The Company's exposure to credit and market risks, and impairment losses related to trade and other receivables, are disclosed in Note 28.

13. Contract assets

Work in progress	**1,339,443**	**655,170**

Determining when to recognise contract revenue requires a degree of judgement. Contract revenue and expenses are recognised in accordance with the percentage of completion method (input) unless the outcome of the contract cannot be reliably estimated. The percentage of completion is estimated by assessing milestones, actual work performed and the estimated costs to complete the work.

At 30 June 2022, aggregate costs incurred under open contracts and recognised profits earned, net of recognised losses, amounted to $1,339,443 (2021: $655,170).

14. Other assets

Prepayments and other debtors	458,893	397,145
Loan receivable[(1)]	-	845,414
Deposits	42,769	21,807
Stock on hand	12,262	12,262
	513,924	**1,276,628**

[(1)] In July 2020, the Company provided Composite Dry Powder ('CDP') technology partner, GreenTech, with a loan facility of up to AUD $1.0 million to complete extensive field pilot programs with two of China's major oil and gas State Owned Enterprises. As announced by the Company on the ASX on 24 November 2021, Synertec and GreenTech entered into a perpetual, exclusive and royalty-free Intellectual Property Licence Agreement ("Licence Agreement"), providing Synertec with the right to use GreenTech's CDP technology in the key global energy territories of the entire Americas, Canada, Australia and New Zealand. At the time of entering the agreement, the balance of the loan outstanding from GreenTech ($800,000) plus interest accrued over the term of the facility ($55,000), was repaid to Synertec as follows; $255,000 cash, with the balance of $600,000 offset as consideration for the licence payable by Synertec to GreenTech. Refer to note 16.

15. Property, plant and equipment

	Computers	Furniture and equipment	Leasehold improvements	Motor vehicles	Right-of-use assets	TOTAL
Cost						
Balance at 1 July 2020	600,949	156,081	21,157	201,096	283,157	1,262,440
Additions	133,461	4,525	299,507	-	1,591,670	2,029,163
Disposals	(316,757)	(130,565)	(21,157)	(38,000)	-	(506,479)
Balance at 30 June 2021	**417,653**	**30,041**	**299,507**	**163,096**	**1,874,827**	**2,785,123**
Balance at 1 July 2021	417,653	30,041	299,507	163,096	1,874,827	2,785,124
Additions	147,620	-	28,198	20,810	51,660	248,288
Disposals	(70,067)	(686)	-	(51,322)	-	(122,075)
Balance at 30 June 2022	**495,206**	**29,355**	**327,706**	**132,584**	**1,926,487**	**2,911,338**

	Computers	Furniture and equipment	Leasehold improvements	Motor vehicles	Right-of-use assets	TOTAL
Accumulated depreciation						
Balance at 1 July 2020	521,216	120,316	19,858	114,113	179,416	954,917
Disposals	(312,662)	(104,406)	(19,923)	(30,615)	-	(467,606)
Depreciation/amortisation expense	75,633	5,963	22,993	16,581	253,086	374,256
Balance at 30 June 2020	**284,187**	**21,873**	**22,928**	**100,079**	**432,502**	**861,568**
Balance at 1 July 2021	284,187	21,873	22,928	100,079	432,502	861,568
Disposals	(69,269)	(638)	-	(30,512)	-	(100,419)
Depreciation/amortisation expense	102,978	3,252	31,048	12,543	211,871	361,692
Balance at 30 June 2022	**317,896**	**24,487**	**53,976**	**82,110**	**644,373**	**1,122,840**
Carrying amounts						
at 1 July 2020	**79,733**	**35,766**	**1,299**	**86,983**	**103,741**	**307,522**
at 30 June 2021	**133,466**	**8,168**	**276,579**	**63,017**	**1,442,325**	**1,923,555**
at 1 July 2021	**133,466**	**8,168**	**276,579**	**63,017**	**1,442,325**	**1,923,555**
at 30 June 2022	**177,311**	**4,867**	**273,730**	**50,474**	**1,282,115**	**1,788,498**

16. Intangible asset

Details of the Group's intangible asset and its carrying amount is as follows:

	Acquired Licence
Gross carrying amount	
Balance at 1 July 2021	-
Additions, separately acquired	600,000
Additions, associated costs capitalised	176,705
Disposals	-
Balance at 30 June 2022	**776,705**
Amortisation and impairment	
Balance at 1 July 2021	-
Amortisation	155,620
Impairment losses	-
Disposals	-
Balance at 30 June 2022	**155,620**
Carrying amounts	
at 1 July 2021	**-**
at 30 June 2022	**621,085**

As announced by the Company on the ASX Company announcements platform on 24 November 2021, Synertec and its CDP technology partner, GreenTech, entered into a perpetual, exclusive and royalty-free Intellectual Property Licence Agreement ("Licence Agreement"), providing Synertec with the right to use GreenTech's CDP technology in the key global energy territories of the entire Americas, Canada, Australia and New Zealand. At the time of entering the agreement, the balance of the loan outstanding from GreenTech ($800,000) plus interest accrued over the term of the facility ($55,000), was repaid to Synertec as follows; $255,000 cash, with the balance of $600,000 offset as consideration for the licence payable by Synertec to GreenTech. The licence fee and costs directly attributable to obtaining the licence have been capitalised accordingly.

In accordance with the terms of the Licence Agreement, Synertec will make additional consideration milestone payments of 2.5 million fully paid ordinary shares each (at an equivalent value of 10 cents per share) after 3 and 5 years respectively, based on CDP revenue hurdles of $2 million by year 3 and $5 million by year 5 being achieved. There are no ongoing royalty fees associated with the Licence Agreement. The Milestone Licence fees will be accounted at cost at each Milestone date, if achieved. They constitute contingent liabilities. Refer to Note 25.

The Licence fee and attributable costs will be amortised over 3 years, the initial exclusivity period of the Licence Agreement and based on the timeframes of the milestones. The carrying value of the Licence will be reviewed for impairment at the end of each reporting period.

The Licence has been assessed by the Group for impairment at 30 June 2022 based on the net present value of estimated future cashflows. Since its recoverable amount exceeds its carrying amount as at 30 June 2022, there is no indication of impairment.

17. Trade and other payables

Current	30 June 2022	30 June 2021
Trade payables	1,380,028	1,228,178
Other payables	1,182,347	1,004,927
Deferred tax obligations[1]	310,534	570,470
Fixed price project accruals	132,756	211,757
	3,005,665	**3,015,332**
Non-Current		
Other payables	75,489	117,960
Deferred tax obligations[1]	75,752	386,206
	151,241	**504,166**

[1] In response to the COVID-19 relief measures announced by the Victorian State Government, deferral of payroll tax liabilities for eligible employers was announced by the Victorian State Revenue Office in August 2020 and updated in February 2021. As a result, Synertec's payroll tax liabilities for FY21 have been deferred until FY22 (payable quarterly across the financial year). Synertec accepted this offer and has accrued for this arrangement accordingly in the FY21 results and set aside the cash for this commitment.

In response to the COVID-19 relief measures announced by the Federal Government, the Australian Taxation Office offered to Synertec the ability to defer and spread its Pay-As-You-Go (PAYG) and Business Activity Statement (BAS) payments related to the period April 2020 to September 2020 across 36 months commencing from October 2020, with no interest or penalties. Synertec accepted this offer and has accrued for this arrangement accordingly in the FY21 results and set aside the cash for this commitment.

The deferred payments to the Victorian State Government for FY21 payroll tax have been fully paid.

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 28.

18. Employee benefits

	30 June 2022	30 June 2021
Annual leave	624,865	466,522
Long service leave	230,562	211,236
Current	**855,427**	**677,758**
Long service leave	161,193	137,235
Non-Current	**161,193**	**137,235**

19. Contract liabilities

Billing in advance of work completed	**50,053**	**201,109**

Where progress billings and recognised losses exceed costs incurred plus recognised profits earned, the Group recognises these amounts as billing in advance of work completed.

20. Leases

Lease liabilities are presented in the statement of financial position as follows:

Lease liabilities (current)	86,985	96,581
Lease liabilities (non-current)	1,431,459	1,499,459
	1,518,444	**1,596,040**

The Group has leases for its head office and warehouse in Camberwell, an office in Perth and a photocopier. The lease liabilities are secured by the related underlying assets.

Future minimum lease payments at 30 June 2022 were as follows:

	Minimum lease payment due						
	Within one year	One to two years	Two to three years	Three to four years	Four to five years	After five years	Total
Lease payments	255,597	249,413	247,900	221,184	224,330	710,009	1,908,433
Finance charges	(86,083)	(76,072)	(65,576)	(55,077)	(44,719)	(62,462)	(389,989)
Net present values	**169,515**	**173,341**	**182,324**	**166,106**	**179,610**	**647,547**	**1,518,444**

Out of the total finance costs of $145,383, an amount of $94,434 was attributable to the lease liabilities during the year ending 30 June 2022.

21. Issued capital

	30 June 2022 Shares	30 June 2021 Shares	30 June 2022 $	30 June 2021 $
Ordinary shares - fully paid	357,360,560	285,888,449	9,244,717	2,204,552
Capital raising costs	-	-	(726,207)	(107,045)
	357,360,560	**285,888,449**	**8,518,510**	**2,097,506**

In August 2021, Synertec undertook a share placement to various professional, sophisticated and institutional investors and successfully raised $7.1 million (before costs) through a placement of 71,472,111 new fully paid ordinary shares at $0.10 per share, which represented a 9% discount to the last closing price and 5-day VWAP at the time of the placement.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

22. Share based payments

During the year, at the Company's 2021 Annual General Meeting, shareholders approved the grant of unlisted options with a 1-year expiry to the Company's Independent Non-Executive Director, Board and Nomination and Remuneration Committee Chair, Mr. Dennis Lin (2,173,913 options, strike price $0.023); and Executive Director, Chief Financial Officer and Company Secretary, Mr. David Harris (2,173,913 options, strike price $0.023; and 2,173,913 options, nil strike price); for their contribution to the achievement of various strategic objectives over preceding periods.

During the year, at the Company's 2021 Annual General Meeting, shareholders approved the grant of 10,000,000 unlisted options with an exercise price of $0.20 (a 100% premium to the share placement price of $0.10) and term expiry of 3 years, to its Joint Lead Managers and Brokers in the share placement conducted by the Company in August 2021. As a result Taylor Collison's nominees received a total of 6,000,000 options and PAC Partners nominees received a total of 3,500,000 options.

A professional independent valuation of the options has been performed by accounting and advisory firm, RSM Australia. The attributed equivalent value of this award is accounted for as a share-based payment and reflected in the employee benefits expense for the year ended 30 June 2022.

The fair value of share-based payment transactions was determined using a ESO2 trinomial valuation model. The model requires certain inputs in order to determine an appropriate fair value. These inputs include share price at grant date, risk free rate, volatility factor, exercise price, time to maturity and expected dividend yield.

The above fair value calculation was based upon the following inputs.

	Tranche 1	Tranche 2	Tranche 3
Grant date	16-Dec-21	16-Dec-21	16-Dec-21
Share price at grant date	$0.075	$0.075	$0.075
Exercise price	Nil	$0.023	$0.20
Expiry Date	14-Jan-22	14-Jan-22	14-Jan-24
Expected Future Volatility	90%	90%	90%
Risk Free Rate	0.55%	0.55%	0.90%
Early Exercise Multiple	N/A	2.5x	2.5x
Dividend Yield	Nil	Nil	Nil

23. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company as the numerator.

In accordance with the principles of reverse acquisition accounting, the weighted average number of ordinary shares outstanding during the year ended 30 June 2022 has been calculated as:

(a) the weighted average number of ordinary shares of Synertec Pty Ltd outstanding during the period before acquisition multiplied by the exchange ratio established in the acquisition accounting, and

(b) the actual number of ordinary shares of Synertec Corporation Limited outstanding during the period after acquisition.

The basic earnings per share for the comparative period before the acquisition date presented in the consolidated statements following a reverse acquisition is calculated by dividing (a) by (b):

(a) the profit or loss of Synertec Corporation Limited attributable to ordinary equity holders of the Company in the period.

(b) Synertec Corporation Limited's historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio established in the acquisition accounting.

In accordance with IFRS 33 'Earnings Per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account.

	30 June 2022
Earnings per share	
Loss after income tax (in Australian dollars)	(3,981,234)
Weighted average number of ordinary shares used in calculating basic earnings per share	348,940,558
Weighted average number of ordinary shares used in calculating diluted earnings per share	357,857,770
Basic loss per share (cents per share)	(1.14)
Diluted loss per share (cents per share)	(1.11)

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

24. Share option reserve

	Note	30 June 2022	30 June 2021
Balance at 1 July 2021		-	-
Employee share-based payments	7, 22	382,609	-
Broker options on issue	22	242,000	-
Balance at 30 June 2022		**624,609**	**-**

25. Contingent liabilities

The Group has potential contingent liabilities with respect to the perpetual and exclusive Intellectual Property Licence agreement ("Licence Agreement") with CDP technology partner, GreenTech.

The Licence Agreement is exclusive within the stated Territories, however if:

- on or before the date which is three years after the Commencement Date ("First Milestone Date"), Synertec has not received an amount of revenue equal to more than $2 million from services or sales associated with the GreenTech IP within the Territories (or with the consent of GreenTech, from outside the Territories) ("First Milestone"); or
- on or before the date which is five years after the Commencement Date ("Second Milestone Date"), the licence is still an exclusive licence and Synertec has not received an amount of revenue equal to more than $5 million from services or sales associated with the GreenTech IP within the Territories (or with the consent of GreenTech, from outside the Territories) ("Second Milestone");

then GreenTech may convert the licence from an exclusive licence to a non-exclusive licence.

As additional consideration for the grant of the licence, Synertec will issue the following securities to GreenTech (or its nominee):
- 2.5 million fully paid ordinary shares in Synertec if the First Milestone is achieved by the First Milestone Date; and
- 2.5 million fully paid ordinary shares if the Second Milestone is achieved by the Second Milestone Date.

If a change of control of Synertec occurs or if the milestone fees are unable to be paid by way of issue of shares in Synertec when payable, the milestone fees will be paid in cash in the amount of $250,000 each.

26. Related parties

The key management personnel compensation comprised:

	Note	30 June 2022	30 June 2021
Short-term employee benefits		856,953	864,106
Post-employment benefits		168,462	73,207
Equity	7, 22	382,609	38,355
Other long-term employment benefits		35,209	40,708
		1,443,233	**1,016,376**

Compensation of the Company's key management personnel includes salaries, accrued leave balances, non-cash benefits and contributions to an employee defined contribution plan.

27. Auditor's remuneration

Audit and review services	30 June 2022	30 June 2021
Auditors of the Company - Grant Thornton Audit Pty Ltd		
Audit and review of financial statements	78,657	78,314
	78,657	78,314
Other services		
Auditors of the Company - Grant Thornton Australia Limited		
In relation to taxation	10,500	11,049
In relation to other services	-	-
	89,157	**89,363**

28. Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group's Directors have overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

		Carrying amount	
	Note	30 June 2022	30 June 2021
Trade and other receivables	12	1,062,290	1,746,872
Cash and cash equivalents	11	4,120,753	2,625,853
Loan receivable	14	-	845,414
Deposits	14	42,769	21,807
		5,225,812	**5,239,946**

(i) Credit risk (continued)
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

As the Group provides services under contract, each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Group historically has had negligible bad debts and as such does not consider it necessary to establish an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

The Group does not require collateral in respect of trade and other receivables. The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was as follows.

	Carrying amount	
	30 June 2022	**30 June 2021**
Australia	1,062,290	1,746,872
	1,062,290	**1,746,872**

The Group's most significant balance outstanding to a single customer, accounts for $363,161 of the trade and other receivables carrying amount at 30 June 2022 (2021: $725,372). The amount was received subsequent to year end within the agreed terms.

Impairment losses
The aging of the trade and other receivables balance at the end of the reporting period that were not impaired was as follows:

Neither past due nor impaired	898,271	1,746,872
Past due 1 - 30 days	164,019	-
	1,062,290	**1,746,872**

Cash and cash equivalents (including deposits)
The Group held cash and cash equivalents of $4,120,753 at 30 June 2022 (2021: $2,625,853) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with a reputable bank and financial institution counterparties.

(ii) Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses detailed project plans, which assists it in monitoring cash flow requirements and optimising its cash return on projects delivered. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 30 June 2022, the expected cash flows from trade and other receivables maturing within two months are $1,062,290 (2021: $1,746,872). This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. After the year end, $1,007,708 out of the amount due at 30 June 2022 has been received.

(ii) Liquidity risk (continued)

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2022

			Contractual cashflows		
Non-derivative financial liabilities	**Carrying amount**	**Total**	**0-1 years**	**1-2 years**	**2-5 years**
Lease liabilities	1,518,444	1,518,444	169,515	173,341	1,175,588
Trade and other payables	3,156,906	3,156,906	3,005,665	151,241	-
	4,675,350	**4,675,350**	**3,175,180**	**324,582**	**1,175,588**

30 June 2021

			Contractual cashflows		
Non-derivative financial liabilities	**Carrying amount**	**Total**	**0-1 years**	**1-2 years**	**2-5 years**
Lease liabilities	1,596,040	1,596,040	96,581	163,257	1,336,202
Trade payables	3,500,509	3,500,509	2,996,343	504,166	-
	5,096,549	**5,096,549**	**3,092,924**	**667,423**	**1,336,202**

(iii) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases and cash and cash equivalents are denominated. The currencies in which these transactions are primarily denominated are AUD, EUR and USD.

At any point in time, the Group typically holds EUR and USD in anticipation of future purchase orders. The Group reviews the market regularly to evaluate if the cost of obtaining derivatives outweighs the risk of currency movement. They have not invested in any derivative financial assets. The Group has reviewed contract terms with customers where significant currency risk on purchase orders may occur, and have enforceable provisions protecting them from adverse currency movements.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(iii) Market risk (continued)

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

	30 June 2022		30 June 2021	
	USD	EURO	USD	EURO
Trade and other receivables	4,648	-	3,849	-
Cash and cash equivalents	-	5,259	-	5,525
Financial assets	4,648	5,259	3,849	5,525
Trade and other payables	-	28	-	28
Financial liabilities	-	28	-	28
Net exposure	4,648	5,287	3,849	5,552

Currency risk sensitivity analysis for currencies in which monetary assets are held

A reasonably possible change of 10% in exchange rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes an increase/(decrease) in the value of the Australian dollar against the currencies shown below.

	Profit or loss, net of tax		Equity, net of tax	
	10% increase	10% decrease	10% increase	10% decrease
30 June 2022				
USD	(446)	545	(446)	545
Euro	(222)	271	(222)	271
Currency exchange risk (net)	**(668)**	**816**	**(668)**	**816**
30 June 2021				
USD	(238)	291	(238)	291
Euro	(222)	271	(222)	271
Currency exchange risk (net)	**(460)**	**562**	**(460)**	**562**

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Nominal amount	
	30 June 2022	30 June 2021
Variable rate instruments		
ANZ Chatel mortgage	7.60%	7.30%

(iii) Market risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 1% in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity, net of tax	
	1% increase	1% decrease	1% increase	1% decrease
30 June 2022				
Variable rate instruments	826	(826)	826	(826)
Cash flow sensitivity (net)	**826**	**(826)**	**826**	**(826)**
30 June 2021				
Variable rate instruments	5,600	(5,600)	5,600	(5,600)
Cash flow sensitivity (net)	**5,600**	**(5,600)**	**5,600**	**(5,600)**

Capital Management

The Board's policy is to maintain a strong capital base to sustain future development of the business. Capital consists of total equity. The Directors monitor the return on capital as well as the level of dividends to ordinary shareholders.

The Directors seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

Accounting classifications and fair values vs carrying amount

The fair values of financial assets and liabilities, together with the carrying amounts (which approximate fair value) shown in the statement of financial position are as follows:

	Note	Loans and receivables	Other financial assets	Other financial liabilities	Total carrying amount
30 June 2022					
Cash and cash equivalents	11	4,120,753	-	-	4,120,753
Trade and other receivables	12	1,062,290	-	-	1,062,290
Deposits	14	-	42,769	-	42,769
		5,183,043	**42,769**	**-**	**5,225,812**
Finance lease liabilities	20	-	-	1,518,444	1,518,444
Trade and other payables	17	-	-	3,156,906	3,156,906
		-	**-**	**4,675,350**	**4,675,350**

	Note	Loans and receivables	Other financial assets	Other financial liabilities	Total carrying amount
30 June 2021					
Cash and cash equivalents	11	2,625,853	-	-	2,625,853
Trade and other receivables	12	1,746,872	-	-	1,746,872
Loan receivable	14	-	845,414	-	845,414
Deposits	14	-	21,807	-	21,807
		4,372,725	**867,221**	**-**	**5,239,946**
Finance lease liabilities	20	-	-	1,596,040	1,596,040
Trade and other payables	17	-	-	3,500,509	3,500,509
		-	**-**	**5,096,549**	**5,096,549**

29. Interest in subsidiaries

Composition of the Group

Name of subsidiary	Country of incorporation / principle place of business	Principal activity	Group proportion of ownership interests	
			30 June 2022	**30 June 2021**
Synertec Holdings Pty Ltd	Australia	Holding company	100%	100%
Synertec Pty Ltd	Australia	Engineering products and solutions	100%	100%

30. Subsequent events

During the year ended 30 June 2022, the global Coronavirus (COVID-19) pandemic has continued to significantly influence market behaviour and as a result, has impacted the operations and financial results of the Company. While additional costs in relation to COVID-19 have been incurred by the Company during the year ended 30 June 2022, the longer-term impacts on the operations of the Group remain uncertain and cannot be reliably quantified at this time. The Board remains confident and optimistic about the long term strategy of the Company and the economic fundamentals of the target markets in which it operates, delivering long term sustainable and profitable growth for its shareholders.

In order to fund and achieve its strategic objectives, Synertec undertook a share placement to various institutional and sophisticated investors and successfully raised $5.0 million (before costs) through a placement of 31.25 million new fully paid ordinary shares at $0.16 per share, as announced by the Company on 13 September 2022.

Capital raised through the Offer will be used to provide balance sheet support for execution of the dual strategy of commercialising several large near-term ESG-focused technology opportunities in the energy sector and growing out a high-end engineering solutions business as follows;

- $4.0 million - Drive technology development and commercialisation of its ESG-focused technologies to assist in the decarbonisation of Synertec's large and prestigious customer base; and
- $1.0 million - Working capital to fund a growing portfolio of engineering solutions with the Company's blue-chip customer base.

The Company has made several ASX announcements since year end which have provided updates of its significant strategic developments and operational progress within both its Technology and Engineering business units.

Taylor Collison and PAC Partners acted as Joint Lead Managers ("JLMs") to the Placement. The Company and the Lead Managers approached new sophisticated investors as well as clients of the Lead Managers to participate in the Placement. No securities were issued or agreed to be issued in the Placement to any related party.

Under the mandate with the JLM's;

- The JLM's will be paid a management fee of 2% of proceeds, being $100,000 (plus GST), and a selling fee of 4% of proceeds, being $200,000 (plus GST); and
- Subject to shareholder approval, the JLM's will be issued 3,600,000 unlisted options with an exercise price of $0.32 per option and an expiry date of 2 years from the date of issue.

1. In the opinion of the Directors of Synertec Corporation Limited ("the Group"):

(a) the financial statements and notes thereto, set out on pages 37 to 66:
   (i) present fairly the financial position of the Group as at 30 June 2022 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date;
   (ii) comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements; and

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

2. In respect of the year ended 30 June 2022, the persons performing the roles of Chief Executive Officer and Chief Financial Officer have declared that the Company has:
(a) kept such accounting records as correctly record and explain its transactions and financial position;
(b) kept its accounting records such that financial statements of the Group that are presented fairly can be prepared from time to time; and
(c) kept its accounting records accordingly so that the financial statements of the Company can be conveniently and properly audited.

Signed in accordance with a resolution of the Directors:
Dated at 20 September 2022

Mr. Michael Carroll
Managing Director
Melbourne, Australia

GrantThornton

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Independent Auditor's Report

To the Members of Synertec Corporation Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Synertec Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group gives us a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date and is in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for opinion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue (Note 5)	
Synertec Corporation Limited recognises a large portion of their revenue using the percentage completion input method for fixed price solutions. As these projects may be ongoing at year end there is significant estimation required when recognising the work in progress (Contract Asset) or deferred revenue (Contract Liability) and ensuring that the appropriate amount of revenue has been recognised under IFRS 15 *Contracts with Customers*. The engagement team has identified this area as a significant risk due to the significant judgement involved in estimating the percentage completion method for fixed price projects. Due to the significant estimation involved and recognition under IFRS 15, the engagement team has determined this as a Key Audit Matter.	Our procedures included, amongst others: • Evaluating the Group's revenue recognition policy across all revenue streams to ensure it is in line with IFRS 15; • Assessing the relevant processes and controls relating to revenue initiation, processing and recording in the ledger; • Testing a sample of project revenue contracts based on several quantitative and qualitative factors and – reading the contract terms and conditions to evaluate how the individual characteristics of each contract were reflected in the contract profitability estimate; – tracing key inputs into the revenue recognition calculation to underlying support and assessing the reasonableness of these inputs, including discussion of the project status with project managers and evaluating the accuracy of costs incurred to date; and • Assessing the adequacy of disclosures for compliance in accordance with International Accounting Standards.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Accounting Standards as issued by the International Accounting Standards Board and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 20 September 2022

#8368229v1

As at 19 September 2022

Securities

Fully Paid Ordinary Shares

Holdings Ranges	Holders	Total Units	%
1-1,000	71	16,288	0.000
1,001-5,000	58	163,408	0.050
5,001-10,000	65	522,963	0.150
10,001-100,000	366	14,895,839	4.170
100,001-9,999,999,999	205	341,762,062	95.640
Totals	**765**	**357,360,560**	**100.000**

Unmarketable Parcels

The number of unmarketable parcel holders as at 19 September 2022 based upon a share price of $0.170 (17.0 cents) is 106 shareholders holding in aggregate 81,891 ordinary shares.

The number of unmarketable parcel holders as at 24 August 2021 (date of last Annual Report) based upon a share price of $0.100 (10.0 cents) was 120 shareholders holding in aggregate 139,972 ordinary shares.

Top 20 Holdings

Name	Number held	%
KENSINGTON TRUST SINGAPORE LTD <PINNACLE MCGA RETIREMENT A/C>	49,398,496	13.823%
NORTHWEST NONFERROUS AUSTRALIA MINING PTY LTD	39,375,000	11.018%
NATIONAL NOMINEES LIMITED	27,082,674	7.579%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	19,147,286	5.358%
FIRST TRUSTEE COMPANY (NZ) LIMITED <IAN ROGER MOORE A/C>	12,500,000	3.498%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	11,782,456	3.297%
LYNTER PTY LTD <HERFORT SUPER FUND A/C>	10,000,000	2.798%
CITICORP NOMINEES PTY LIMITED	9,675,243	2.707%
MR ANDREW MACBRIDE PRICE <EST JOHN AM PRICE A/C>	7,375,000	2.064%
UBS NOMINEES PTY LTD	7,307,931	2.045%
GP SECURITIES PTY LTD	6,727,160	1.882%
AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	6,110,000	1.710%
KIPBERG PTY LTD <EDP FAMILY A/C>	5,582,240	1.562%
CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C>	5,000,000	1.399%
PONDEROSA INVESTMENTS (WA) PTYLTD <PONDEROSA INVESTMENT A/C>	5,000,000	1.399%
MR MARK LEAR POLLASKY	4,500,000	1.259%
TAYCOL NOMINEES PTY LTD <211 A/C>	3,717,694	1.040%
LJEG SMSF PTY LTD <LJEG SUPERFUND A/C>	3,461,029	0.968%
TWENTY TEN ENTERPRISES PTY LTD <TWENTY TEN INVESTMENTS A/C>	3,439,674	0.963%
MR JAMES LEE PARKS	2,750,000	0.770%
Total Securities of Top 20 Holdings	239,931,883	67.140%
Total of Securities	**357,360,560**	

Substantial shareholders of the Company are set out below:

KENSINGTON TRUST SINGAPORE LTD <PINNACLE MCGA RETIREMENT A/C>	49,398,496	13.823%
NORTHWEST NONFERROUS AUSTRALIA MINING PTY LTD	39,375,000	11.018%
PERENNIAL VALUE MANAGEMENT LIMITED*	27,082,674	7.579%
REGAL FUNDS MANAGEMENT PTY LTD*	27,909,954	7.810%
SG HISCOCK & COMPANY*	18,123,661	5.072%

*Indicative shareholding based on number of voting securities recorded as at date of last substantial holder notice (lodged July/August 2022).

Voting rights attached to ordinary shares

Upon poll each share shall have one vote, and on a show of hands every member present at a meeting in person or by proxy shall have one vote.

Unnissued equity securities:
During the year, at the Company's 2021 Annual General Meeting, shareholders approved the grant of unlisted options with a 1-year expiry to the Company's Independent Non-Executive Director, Board and Nomination and Remuneration Committee Chair, Mr. Dennis Lin (2,173,913 options, strike price $0.023); and Executive Director, Chief Financial Officer and Company Secretary, Mr. David Harris (2,173,913 options, strike price $0.023; and 2,173,913 options, nil strike price); for their contribution to the achievement of various strategic objectives over preceding periods.

During the year, at the Company's 2021 Annual General Meeting, shareholders approved the grant of 10,000,000 unlisted options with an exercise price of $0.20 (a 100% premium to the share placement price of $0.10) and term expiry of 3 years, to its Joint Lead Managers and Brokers in the share placement conducted by the Company in August 2021. As a result Taylor Collison's nominees received a total of 6,000,000 options and PAC Partners nominees received a total of 3,500,000 options.

Securities exchange
The Company is listed on the Australian Securities Exchange (ASX:SOP).

OUR VISION

To be the Technology and Engineering partner of choice - supporting environmentally friendly, energy efficient, social and sustainability goals of industry.

OUR PURPOSE

To embrace innovation, create value, and work with our partners to build a better future

Synertec
2022 Annual Report

expertise + experience